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Volume II

EXPLANATORY NOTES

for

DEPARTMENT OF AGRICULTURE

Fiscal Year

1952

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PRODUCTION AND MARKETING ADMINISTRATION

Purpose Statement

The Production and Marketing Administration was established by the Secretary of Agriculture in August 1945. It consolidated into one organization the "Action" programs of the Department affecting production and marketing of agricultural commodities. Its function is to administer the Department's production and marketing programs, including agricultural conservation; acreage allotments and marketing quotas; price support through loans, purchases and other means; sugar program; foreign and other supply; marketing research, service and regulatory activities, including grading, standardization, inspection and market news, and marketing agreements, and orders; the school-lunch program; development of new and expanded markets and uses, encouragement of exports; surplus disposal; and other programs.

The Secretary's Memorandum No.1270, delegates to PMA, under provisions of the Defense Production Act of 1950, certain functions with respect to food, farm equipment and fertilizer. PMA has the authority for (1) food production and distribution programs, including developing requirements, determining priorities and allocations of available supplies and obtaining basic production required; (2) domestic utilization of farm equipment and fertilizer through requirements, allocations and distribution controls in order to accomplish required agricultural food production, distribution and conservation.

The Washington organization of the Production and Marketing Administration consists of an Administrator, a Deputy Administrator and Assistant Administrators for Production, Marketing, Commodity Operations and Program Coordination, 9 Commodity Branches which plan and administer or supervise the administration of all PMA programs affecting commodities, and 13 functional and staff branches or offices which are responsible for specific programs or administrative functions affecting all commodities. These branches and offices are as follows:

Commodity branches

Cotton
Dairy
Fats and Oils
Fruit and vegetable
Grain
Livestock
Poultry
Sugar
Tobacco

Functional and staff branches and offices

Agricultural Conservation Programs Branch
Food Distribution Branch
Marketing and Facilities Research Branch
Transportation and Warehousing Branch
Fiscal Branch
Information Branch
Office of Administrative Services
Office of Audit
Office of Budget
Office of Compliance and Investigation
Office of Personnel Management
Office of Materials and Facilities
Office of Requirements and Allocations

The field organization of FMA consists of FMA State offices, FMA insular offices in Hawaii and Puerto Rico, FMA County and Community Committees, FMA Commodity offices and branch field and area offices.

The Production and Marketing Administration has been delegated authority by the Board of Directors of Commodity Credit Corporation to administer the programs of the Corporation. The Administrator of FMA is the President of the Commodity Credit Corporation and a member of the Board of Directors, and the Deputy Administrator is Vice President. The Directors of the branches of FMA and the Directors of FMA Commodity Offices are contracting officers of the Corporation.

PRODUCTION AND MARKETING ADMINISTRATION

Summary of Appropriations, 1951 and Estimates, 1952
(Note.--Figures in brackets [] not included in totals.)

Item	: Total anticipated available, 1951 a/	: Budget Estimates, 1952	: Increase (+) or Decrease (-)
Commodity Credit Corporation: (administrative expenses from Corporation funds)	: b/ [\$20,200,000]	: [\$20,200,000]	: [- -]
Conservation and use of agricultural land resources	: 256,500,000	: 285,000,000	: +28,500,000
Acreage allotments and marketing quotas	: 25,800,000	: 24,000,000	: -1,800,000
Sugar Act Program	: 63,750,000	: 73,300,000	: +9,550,000
National School Lunch Program ..	: 83,500,000	: 83,500,000	: - -
Removal of surplus agricultural commodities (30% of customs receipts) c/	: 111,192,249	: 150,000,000	: +38,807,751
Marketing Services	: 10,828,000	: 11,396,000	: +568,000
	: 551,570,249	: 627,196,000	: +75,625,751
Deduct:			
Permanent appropriation available:			
Removal of surplus agricultural commodities (Sec. 32 funds)	: 111,192,249	: 150,000,000	: -38,807,751
Total, direct annual appropriation or estimate	: 440,378,000	: 477,196,000	: +36,818,000

a/ Adjusted for comparability with appropriation structure proposed in the 1952 Budget Estimates.

b/ Includes anticipated supplemental in F.Y. 1951 of \$3,850,000.

c/ Excludes carryover in F.Y. 1951 of \$46,991,669, and carryover in F.Y. 1952 of \$51,354,976, and includes transfer to International Wheat Agreement of \$76,808,000.

COMMODITY CREDIT CORPORATION

Purpose Statement

Origin - The Commodity Credit Corporation was organized October 17, 1933 under the laws of the State of Delaware, as an agency of the United States. From October 17, 1933 to July 1, 1939, the CCC was managed and operated in close affiliation with the Reconstruction Finance Corporation. On July 1, 1939, the CCC was transferred to the U. S. Department of Agriculture by the President's Reorganization Plan I. Approval of the Commodity Credit Corporation Charter Act on June 29, 1948 (Public Law 806, 80th Cong.), established the CCC, effective July 1, 1948, as an agency and instrumentality of the United States under a permanent Federal charter. The charter was amended by Public Law 85, 81st Congress on June 7, 1949.

Management - The CCC is managed by a board of directors, subject to the general supervision and direction of the Secretary of Agriculture, who is an ex-officio director and chairman of the board. The board consists of six members (in addition to the Secretary of Agriculture), who are appointed by the President of the United States by and with the advice and consent of the Senate.

In addition to the board of directors, the Corporation has an advisory board whose five members are appointed by the President of the United States. Not more than three of the members may belong to the same political party. The advisory board meets at least every 90 days to survey the general policies of the Corporation.

Price Support - The Commodity Credit Corporation is the instrumentality through which agricultural commodity prices are supported. Under the Agricultural Act of 1949, (supplemented by Public Law 163, 79th Congress, approved July 28, 1945, with respect to tobacco and by Public Law 471, 81st Congress, approved March 31, 1950, with respect to peanuts and Irish potatoes), price support is required for (a) basic commodities (cotton, corn, wheat, tobacco, rice and peanuts) and (b) designated nonbasic commodities (wool, mohair, tung nuts, honey, milk, butterfat, and the products of milk and butterfat but not for Irish potatoes after the 1950 crop unless marketing quotas, for which no authority now exists are in effect). Price support for nonbasic agricultural commodities, other than the designated commodities, is not mandatory but is authorized under legally prescribed conditions.

Supply purchases - Another important program of the CCC is the procurement of agricultural products to meet the needs of U. S. Government agencies (principally those administering relief programs abroad), cash-paying foreign governments, and international relief agencies. The CCC also has authority to purchase abroad commodities to meet both domestic and foreign requirements, and to carry out certain exchange operations. Procurement is made during peak marketing seasons and is closely coordinated with the price support program to provide the maximum benefit to American agriculture. The Act of July 16, 1943 requires that the Corporation be fully reimbursed for services performed, losses sustained, and operating costs

incurred for commodities purchased or delivered to or on behalf of any other Government agency. Supply program participants are usually required to advance funds in an amount to equal the estimated costs of the commodities to be procured.

Storage facilities - Under the storage facilities program, the Corporation (1) purchases and maintains granaries and equipment for care and storage of Commodity Credit Corporation owned and controlled grain; (2) makes loans for the construction or expansion of farm storage facilities; (3) provides storage use guarantees to encourage the construction of commercial storage facilities; and (4) undertakes such other operations as are necessary to provide storage adequate to carry out effectively and efficiently the Corporation's programs.

The Corporation may, with the consent of the agency concerned, utilize facilities of any other agency of the Federal Government. The Corporation, under this authority, makes extensive use of the personnel and facilities of the Production and Marketing Administration in carrying out Corporation activities.

The costs of CCC price support and storage facilities activities are financed from its capital funds which are derived from its authorized capital stock of \$100,000,000 and its authority to borrow \$6,750,000,000 on the credit of the United States. The bulk of these costs result from loans, the purchase of commodities, carrying charges and related expenditures in connection with commodities owned by the Corporation, direct losses, and interest charges. Offsetting these costs are receipts from sales of commodities and interest income.

	Estimated, 1951	Budget estimate, 1952
Administrative expense limitation	\$16,350,000	\$20,200,000

COMMODITY CREDIT CORPORATION

Introduction

The Commodity Credit Corporation engages in buying, selling, lending and other activities with respect to agricultural commodities, their products, foods, feeds, and fibers for the purpose of stabilizing, supporting, and protecting farm income and prices, assisting in the maintenance of balanced and adequate supplies of such commodities, and facilitating their orderly distribution. The Corporation also makes available the materials and facilities required in connection with the production and marketing of such commodities. The Corporation operates under the provisions of the Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress, approved June 29, 1948), as amended (Public Law 85, 81st Congress, approved June 7, 1949).

The Congress has established policies under which the Corporation will carry out its price support program during the fiscal year 1952 in the Agricultural Act of 1949 (supplemented by Public Law 163, 79th Congress, approved July 23, 1945 with respect to tobacco, and Public Law 471, 81st Congress, approved March 31, 1950 with respect to peanuts and Irish potatoes). This legislation provides, among other things, that

1. A new parity price formula shall be used, but, for the first four years, parity prices for the basic commodities shall be the prices calculated under the old formula if such prices are higher than those calculated in the new formula.

2. If producers have not disapproved marketing quotas, the level of support to cooperators shall be not more than 90 per centum or less than (a) 80 per centum of the parity price for the 1951 crop of any basic agricultural commodity (corn, cotton, peanuts, rice, tobacco, and wheat) for which marketing quotas or acreage allotments are in effect, or (b) such higher percentage of parity as may be called for by a sliding scale of support levels based upon the supply of the particular commodity. If marketing quotas are disapproved, price support shall be mandatory at 50 per centum of the parity price for basic crops other than tobacco. No price support shall be made available for any crop of tobacco for which marketing quotas have been disapproved. Marketing quotas for 1951 crops (roughly fiscal year 1952) have been approved by producers for those types of tobacco for which quotas were in effect on 1950 crops. The producers of Maryland type tobacco rejected quotas on the 1951 crop in a referendum held on December 20, 1950. Accordingly, there will be no price support for this kind of tobacco on the 1951 crop.

3. There shall be mandatory price support for wool (including mohair); tung nuts; honey; milk, butterfat, and the products of milk and butterfat. There shall be no price support on any crop of Irish potatoes after 1950 unless marketing quotas are in effect. The Department does not now have authority for marketing quotas on Irish potatoes. The minimum level of support varies by commodities.

4. Price support shall be discretionary for other agricultural commodities.

5. The Commodity Credit Corporation shall establish sales policies for basic agricultural commodities and storable nonbasic commodities which will not deter manufacturers, processors, and dealers from carrying normal inventories, and shall not sell such commodities domestically at prices below the current support price, plus 5 percent, and plus reasonable carrying charges, unless the sale falls within one of the specific exceptions stated in the act. There is, in addition, a special section authorizing disposition (including donations) of food commodities which are threatened with deterioration or spoilage.

The management of the Corporation is vested in the Board of Directors, consisting of six members in addition to the Secretary of Agriculture. The Secretary is an ex officio member and serves as Chairman of the Board. In addition, the Corporation has a bipartisan board of five members appointed by the President to survey the general policies of the Corporation.

Basic Assumptions

Since financial demands on the Corporation are determined largely by unpredictable factors, such as weather conditions and the level of economic activities, it is necessary to make basic assumptions concerning these factors in order to estimate financial requirements. The basic assumptions used in preparing the 1952 budget are as follows:

1. National income and industrial activity will continue their upward trends in the fiscal years 1951 and 1952.

2. Production of 1951 crops will approach the levels achieved in 1948 and 1949.

3. Domestic demand for agricultural products will continue its upward trend due in part to normal population growth.

4. Agricultural prices will tend to stabilize at or near the levels prevailing during the last six months of the calendar year 1950.

5. The Corporation will continue to procure limited amounts of commodities under the Supply and Foreign Purchase programs to meet the requirements of the Economic Cooperation Administration and the Department of Defense.

Program Operations

The ouduget of the Corporation for the fiscal year 1952 is based on six types of programs carried out under its charter and other statutory authority. These programs are:

1. Price support program. -- Through loans on or purchase of agricultural commodities, and other operations, stabilizes the farm price of agricultural commodities by assuring farmers a minimum price or by removing and disposing of burdensome surpluses.
2. Supply program. -- Procures foods, agricultural commodities and products thereof, and related materials to supply requirements of United States Government agencies, foreign governments, and relief and foreign-aid-programs.
3. Foreign purchase program. -- Purchases abroad such foods, agricultural commodities and products thereof, and related facilities as are needed to meet both foreign and domestic requirements.
4. Commodity export program. -- Exports or causes to be exported, and aids in the development of export markets for agricultural commodities and products thereof for the purpose of retaining and expanding foreign markets for products produced in the United States, and of aiding in the disposal of commodities in excess of domestic needs.
5. Storage facilities program. -- Through purchase and maintenance, loans, storage use guarantees and such other operations as may be necessary, the Corporation provides and encourages the increase in storage capacity necessary to carry out the Corporation's programs efficiently and effectively.
6. Loan to Secretary of Agriculture for agricultural conservation programs. -- Under provisions of the Agricultural Adjustment Act of 1938, as amended, the Corporation loans to the Secretary of Agriculture each fiscal year such sums, not to exceed \$50,000,000, as the Secretary estimates will be required to make advances of conservation materials for the agricultural conservation program. These loans are repaid, with interest, from funds appropriated to carry out sections 7 to 17 of the Soil Conservation and Domestic Allotment Act.

Administrative Expenses

Administrative expenses cover the costs of the general supervisory and operating staff engaged in carrying out the programs of the Corporation. Estimated costs of the audit of the Corporation's accounts by the General Accounting Office and rental costs for the proportionate share

of the office space in Government-owned buildings occupied by personnel of the Production and Marketing Administration, based on services performed for the Corporation, are included as administrative expenses. Not included in this category, however, are necessary expenses (including special services performed on a contract or fee basis, but excluding other personal services) in connection with the acquisition, operation, maintenance, improvement, or disposition of any real or personal property belonging to the Corporation or in which it has an interest. Such expenses are treated as nonadministrative as provided in the language carried annually in the appropriation act making corporate funds available for administrative expenses. The language proposed in the budget for the fiscal year 1952 authorizing expenditures for administrative expenses of the Corporation contemplates that the Corporation will, consistent with its established practice, treat as nonadministrative expense all expenses of the types which have been so treated during the 1949, 1950, and 1951 fiscal years. It is also contemplated that administrative expenses will be accounted for on an obligation basis as has been the case in the current and prior years.

Administrative services are performed for the Corporation by the employees of the Production and Marketing Administration, and the Corporation assumes its equitable share of the costs of Production and Marketing Administration personnel and other expenses. In addition, the Corporation utilizes the services of other agencies when it is advantageous to do so. The requested administrative expense authorization does not include any amount for administrative expenses incurred in connection with the foreign purchase and supply programs, under which the Corporation procures agricultural commodities for sale to other Government agencies, foreign governments, domestic, foreign, or international relief or rehabilitation agencies, and to meet domestic requirements. The budget for the fiscal year 1952 contemplates that the Corporation will be fully reimbursed for administrative expenses incurred in connection with these programs. Such reimbursements, which are generally obtained through a mark-up on invoices evidencing sales under these programs, are credited on the books of the Corporation to an income account which, in turn, is charged with all of the administrative expenses incurred in connection with these programs. Balances remaining in this account at the end of any fiscal year are used in succeeding fiscal years to defray administrative expenses incurred in connection with these programs, including, of course, the expense of liquidating all phases of these programs. The mark-up is established at a rate which is so determined and applied as to provide full reimbursement on an over-all basis for all administrative expenses in connection with the foreign purchase and supply programs and takes into account the fact that with respect to particular commodities, sales, or operations the mark-up may be more or less than the exact administrative expenses incurred. The rate of mark-up is adjusted from time to time as conditions warrant.

Program Summaries.

The following summaries cover the various operations which the Corporation anticipates will be required during the fiscal year 1952. Each operation is a part of one of the six types of programs previously mentioned. It should be noted that any variations from the conditions assumed may result in changes in the volume and character of the Corporation's operations, thereby necessitating changes in the program and administrative expense estimates.

PRICE SUPPORT PROGRAM, Basic Commodities

Corn

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of corn in the commercial corn-producing areas at 90 percent of parity and 75 percent of this level outside the commercial corn-producing area and to promote orderly marketing.

Eligibility: Eligible commodity is ear or shelled corn produced in 1950 and must grade No. 3 or better, or No. 4 on test weight only, and must meet moisture requirements for safe storage.

Eligible participants are 1950-crop corn producers who complied with acreage allotments.

Operations: Nonrecourse loans and purchase agreements are available from about August 1, 1950 through May 31, 1951. In areas where the State PMA Committee determines that corn cannot be safely stored throughout the full storage period, the final date of availability shall be earlier as determined by the Committee. Loans are made on a note-and-chattel mortgage basis for farm-stored corn, and note-and-loan agreement basis for warehouse-stored corn, and will bear interest at 3 percent per annum. Support prices range from \$1.36 to \$1.64 per bushel in the commercial corn counties and from \$1.02 to \$1.30 per bushel in the non-commercial corn counties. Loans will be due on July 31, 1951, unless demand is made earlier. A producer desiring to deliver corn under a purchase agreement must declare his intention to sell within a 30-day period ending on July 31, 1951, or ending on such earlier date as may be determined by the Corporation. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement will be the maximum quantity that may be delivered. The purchase price will be the applicable support price established for the corn at the approved point of delivery.

Authority: Commodity Credit Corporation Charter Act, as amended (Public Law 806, 80th Congress, Public Law 85, 81st Congress) particularly section 5(a); and Title I, section 101 (d), (1) and (2) of the Agricultural Act of 1949.

BASIS, 1952 ESTIMATE: The budget estimate is based on the assumption that acreage allotments will be in effect for the 1951 corn crop and it is estimated that 88 million acres will be planted, yielding a production of 3,300 million bushels. Domestic disappearance is estimated to increase to about 3,300 million bushels because of increased livestock numbers and heavier feeding to meet the continued strong demand for pork and beef. With exports estimated at 65 million bushels, total

disappearance will be in excess of the 1951 crop production. Thus, farm prices of eligible corn are estimated to average at or near the support level. With this price level, loans on the 1951 crop are estimated at only 250 million bushels which is substantially under loans made or anticipated on any of the three preceding crops. Also, acquisitions during fiscal year 1952 from loans made on the 1950 crop, loans extended on prior crops and from purchase agreements are estimated at 112 million bushels. This is considerably less than the acquisitions during fiscal year 1950 and estimated for 1951.

Anticipated carryover stocks at the end of the 1950 and 1951 crop years are 559 and 492 million bushels, respectively. It is assumed that the major portion of these stocks will be owned by the Corporation.

PRICE SUPPORT PROGRAM, Basic Commodities

Cotton, Upland

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of cotton at 90 percent of parity as of August 1, 1950, the beginning of the marketing year, and to promote orderly marketing.

Eligibility: Eligible commodity is upland cotton produced in the United States in 1950, of specified grade and staple length, in bales of at least 300 pounds not compressed to high density.

Eligible participants are producers of 1950-crop upland cotton with legal right to pledge it as security for a loan, and cotton cooperative marketing associations acceptable to the President, CCC.

Operations: Nonrecourse loans are available in all cotton-producing States from August 1, 1950, through April 30, 1951, to individual producers, and through May 15, 1951, to cotton cooperative marketing associations. All loans will mature July 31, 1951, or earlier upon demand. Loans are made on warehouse-stored cotton covered by Producer's Note and Loan Agreements, on farm-stored cotton by notes secured by cotton chattel mortgages, and on cotton covered by bills of lading in areas where there is a shortage of storage space and where arrangements can be made for handling the cotton. Loans may be obtained by producers from approved lending agencies or direct from the Corporation, and by cotton cooperative associations direct from the Corporation. All cotton must be classed by a Board of Cotton Examiners of the U.S. Department of Agriculture. The classification fee is 25 cents a bale. Support rates will be equal to 90 percent of parity as of August 1, 1950. The basic loan rate is applicable to Middling 7/8-inch cotton at average location. The average loan rate for Middling 7/8-inch upland cotton, gross weight, is 27.90 cents per pound (90 percent of the August 1 parity of 31.00 cents per pound). Premiums and discounts, with appropriate location differentials, will apply for each of the other qualities of eligible cotton. Loans will bear interest at the rate of 3 percent per annum. Prior to the beginning of the marketing year, loans were available to eligible producers in the early harvesting area at 27 cents a pound for Middling 7/8-inch cotton at average location.

Cotton not redeemed by maturity date will be handled in accordance with loan agreements under which CCC has the right to sell, purchase, or pool the cotton upon maturity and nonpayment of the loans.

Authority: Commodity Credit Corporation Charter Act, as amended (Public Law 806, 80th Congress, Public Law 85, 81st Congress)-- particularly section 5(a); and the Agricultural Act of 1949.

BASIS, 1952 ESTIMATE: The budget estimate for the fiscal year 1952 is based on the fact that acreage allotments and marketing quotas will not be in effect during the 1951-crop year. Since the 1950 crop is below normal and demand is at a high level, the Department has asked cotton farmers to increase production to 16 million bales in 1951. It is anticipated that 2 million bales would go under loan.

PRICE SUPPORT PROGRAM, BASIC COMMODITIES

Peanuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of peanuts, to promote orderly marketing and to stabilize prices.

Eligibility: Merchantable, 1950 crop, farmers stock, quota peanuts and merchantable, 1950 crop, No. 2 shelled peanuts (and other kernels contained therein) produced from such eligible farmers stock peanuts. Producers and shellers are eligible if they meet all requirements such as those relative to acreage allotments, marketing quotas, inspection, etc.

Operations: Nonrecourse loans are available to eligible producers at 90% of parity (averaging about \$216 per ton) as of August 1, 1950, and may be made through January 31, 1951 maturing June 1, 1951, or earlier on demand. Such loans are made on a note-and-chattel mortgage basis for peanuts stored in approved structure, on or off the farm. Recourse loans are available to eligible shellers on eligible farmers stock peanuts at \$10 per ton less than support levels, between August 1, 1950 and June 15, 1951, (maturing August 31, 1951, or earlier on demand) when secured by pledge of negotiable warehouse receipts. Loans are available directly from the Commodity Credit Corporation or approved lending agencies at 3% interest.

Purchases of eligible farmers stock peanuts at support prices will be made from eligible producers between August 1, 1950 and June 15, 1951. Such purchases will also be made from eligible shellers between August 1, 1950 and April 30, 1951. Purchases of No. 2 shelled peanuts (and other kernels contained therein) will be made from eligible shellers between August 1, 1950 and November 30, 1951, with limitations on the amounts determined by the Commodity Credit Corporation.

Authority: Commodity Credit Corporation Charter Act, as amended (Public Law 806, 80th Congress, Public Law 85, 81st Congress) particularly section 5(a); Titles I and IV of the Agricultural Act of 1949 (Public Law 439, 81st Congress); and section 359 of the Agricultural Adjustment Act of 1938, as amended by section 6(a) of Public Law 471, 81st Congress.

BASIS, 1952 ESTIMATE: The budget estimate is based on acreage allotments and marketing quotas being in effect for the 1951 crop; thus the harvest is not expected to exceed 1,960,000 acres which at an estimated yield of 740 pounds per acre (1945-49 average adjusted for trends) would provide an estimated 1,450 million pounds. Domestic disappearance is estimated at 1,430 million pounds and 20 million pounds are expected to be exported.

The latter figures compare, respectively, with 1951 estimates of 1,711 million pounds and 20 million pounds. Of the amount disappearing domestically, about 1,180 million pounds will be used at prices equal to or above support prices. The total 1951 crop surplus, therefore, is estimated at 250,000,000 pounds. Of this amount it is estimated that about 140 million pounds will be purchased at the support price for quota peanuts, while about 110 million pounds will be acquired at the oil value price applicable to "excess" peanuts.

PRICE SUPPORT PROGRAM, Basic Commodities

Rice

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of rice at 90 percent of parity as of the beginning of the marketing year and to promote orderly marketing.

Eligibility: Eligible commodity is 1950-crop rough rice and must grade U. S. No. 4 or better, having a head yield of not less than 25 pounds per 100 pounds of rough rice, and must contain not more than $14\frac{1}{2}$ percent moisture (not more than 15 percent in California and Arizona), classes I-X, inclusive.

Eligible participants are producers and associations of producers who comply with acreage allotments.

Operations: Nonrecourse loans are available from harvest through January 31, 1951, and will mature April 30, 1951, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for rice stored on the farm and on a note-and-loan agreement basis when stored in approved warehouses. Loans may be obtained from approved lending agencies or direct from the Corporation. Interest is at the rate of 3 percent per annum. Loan rates, which average about \$4.56 per hundredweight, reflect to producers 90 percent of parity as of August 1, 1950. Premiums and discounts apply for the various varieties, grades, and milling qualities.

Purchase agreements are offered to producers from harvest through January 31, 1951. Producers desiring to sell rice to the Corporation under a purchase agreement will have a 30-day period during which to declare their intention to sell. This period will end on April 30, 1951, or such earlier date as may be determined by the Corporation. The producer will not be obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered. Rice delivered will be purchased at the applicable support price.

Authority: Commodity Credit Corporation Charter Act, as amended (Public Law 806, 80th Congress, Public Law 85, 81st Congress)-particularly section 5(a); and Titles I and IV of the Agricultural Act of 1949 (Public Law 439, 81st Congress).

BASIS, 1952 ESTIMATE: A national acreage allotment of 1,868 million acres has been announced for the 1951 rice crop. Marketing quotas will not be in effect on the 1951 crop. The estimated production is about 40.2 million hundred weight. This production plus

estimated carryin stocks of 2.3 million hundredweight will provide a total supply of about 42.7 million hundredweight. Markets at or above support levels are expected to be available for the higher quality rice; however, it is estimated that 200,000 hundredweight of rice which meet only minimum eligibility requirements for price support will probably be delivered to the Corporation in settlement of loans and purchase agreements. It is anticipated that this quantity will be sold to millers, of which 100,000 hundredweight will be repurchased as milled rice. It is estimated that this amount plus 50,000 hundredweight of milled rice carryover from the 1951 fiscal year will be sold, without loss, by June 30, 1952.

PRICE SUPPORT PROGRAM, Basic Commodities

Tobacco

SUMMARY OF LATEST OPERATIONS:

Objective: To support the average prices received by growers of United States and Puerto Rican Tobacco.

Eligibility: Eligible commodity is tobacco of the 1950 crop grown in the United States and Puerto Rico. Eligible participants are growers of flue-cured, Burley, fire-cured, and dark air-cured tobaccos who are in compliance with any regulations prescribed by the Secretary with respect to tobacco acreage allotments and marketing quotas. Growers of all non-quota kinds of tobacco (Maryland and cigar filler and binder) are considered "cooperators" for the purposes of this program.

Operations: Non-recourse loans are offered to cooperators at following levels: Flue-cured and Burley, 90% of parity; fire-cured, 75% of Burley rate; dark air-cured and Virginia sun-cured, 66 2/3% of Burley rate; Maryland, 86% of parity; cigar filler and cigar binder 86% of parity.

No support will be available to non-cooperators. The loan rates will be based on the parity price as of July 1, 1950 for flue-cured and as of October 1, 1950 for the other types. No loans, except those necessary to cover carrying and handling charges, will be made under the program prior to or after the dates indicated:

	<u>Earliest Date</u>	<u>Latest Date</u>
Flue-cured	July 1, 1950	February 28, 1951
Burley, fire-cured and dark air-cured	Nov. 1, 1950	April 30, 1951
Maryland	April 1, 1951	September 30, 1951
Cigar filler and binder (except Puerto Rican)	Sept. 1, 1950	July 31, 1951
Puerto Rican	Feb. 1, 1951	September 30, 1951

Loans bear interest at the rate of 3 percent per annum and mature on demand, but not later than June 30, 1953, unless extended by CCC.

Loans are made through grower cooperative associations or other responsible organizations which act for groups of growers in receiving, handling, and selling their tobacco. No commercial insurance is carried on tobacco collateral. In lieu thereof the Corporation assumes the physical loss or damage on the tobacco and charges the loan account with a collateral fee of 1 1/2 cents per month per \$100 outstanding on the principal amount of the loan on tobacco stored in continental United States and 3 cents per \$100 per month on tobacco stored in Puerto Rico.

Under the loan agreements the cooperatives in the auction areas bear overhead costs in connection with the loan operation in an amount not less than 12 cents per cwt. and are authorized to charge growers an amount equal to 12 cents per cwt. In the cigar areas, this charge is established at a rate proportionate to the relative cost involved.

Authority: CCC Charter Act, as amended (Public Law 806, 80th Congress, Public Law 85, 81st Congress) — particularly section 5(a); section 2 of the Act of July 28, 1945, 59 Stat. 506; and sections 101(c) and 101(e) of the Agricultural Act of 1949.

BASIS, 1952 ESTIMATE: It is assumed that the 1951 crop of tobacco will increase to 2,068 million pounds, about 7 million pounds over the indicated production for 1950 and 73 million above 1949. Decreases in the production of the dark types of tobacco will be more than offset by increases principally in flue-cured and burley tobacco resulting from quota adjustments.

The 1950 indicated crop yields are high, and consequently slightly lower yields are anticipated under projected "normal" growing conditions. With a carry-over estimated to amount to about 3.3 billion pounds at the beginning of the 1951 crop year and imports of 96 million pounds, the total supply in the 1950-51 marketing year will be about 5.5 billion pounds.

Domestic disappearance is estimated to increase over 1949 crop (1540 million pounds) to the level of about 1604 million pounds in 1951-1952. Exports are expected to increase to 581 million pounds. Based on these assumptions, it is estimated that CCC will make loans on 150 million pounds of the 1951 crop and will have 275 million pounds of the 3291 million pound carryover under loan at the end of the fiscal year 1952.

It is expected that nominal losses will be incurred by CCC during the fiscal year 1952 due to write-offs on loans.

PRICE SUPPORT PROGRAM, Basic Commodities

Wheat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of wheat at 90 percent of parity and to promote orderly marketing.

Eligibility: Eligible commodity will be wheat produced in 1951 and shall be (1) wheat of any class grading No. 3 or better; or (2) wheat of any class grading No. 4 or No. 5 on the factor of "test weight" and/or because of containing "Durum" and/or "Red Durum" but otherwise grading No. 3 or better. Eligible participants will be 1951-crop wheat producers who are in compliance with the regulations with respect to wheat acreage allotments.

Operations: Nonrecourse loans will be available from harvest (about May 15) through January 31, 1952, and will mature April 30, 1952, or earlier on demand. Farm-storage loans will be made on a note-and-chattel mortgage basis and warehouse-storage loans will be made on a note-and-loan agreement basis. Loans may be obtained from approved lending agencies or direct from the Corporation. The level of support will be 90 percent of parity as of July, 1951, but in no event will the support rate be less than \$1.99 per bushel as a national average. Loans will bear interest at the rate of 3 percent per annum.

Purchase agreements will be offered to producers from harvest through January 31, 1952. A producer desiring to deliver wheat to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1952, or ending on such earlier date as may be determined by the Corporation. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement will be the maximum quantity that may be delivered. The purchase price will be the applicable support price established for the wheat at the approved point of delivery.

Authority: Commodity Credit Corporation Charter Act, as amended (Public Law 806, 80th Congress, Public Law 85, 81st Congress) particularly section 5(a); and Titles I and IV of the Agricultural Act of 1949.

BASIS, 1952 ESTIMATE: A national planted acreage allotment of 72.8 million acres has been announced for the 1951 wheat crop. Marketing quotas will not be in effect on the 1951 crop. With such an allotment the 1951 crop production is estimated at 1,185 million bushels. This production together with

estimated carryin stocks of 445 million bushels and imports of 50 million bushels will give a total supply of 1,680 million bushels. Domestic consumption is estimated to be 782 million bushels and exports are estimated to be 250 million bushels. Included in estimated exports of 250 million bushels is 180 million bushels to be exported pursuant to the International Wheat Agreement. Thus, carry-out stocks are estimated at 648 million bushels with the Corporation holding 422.6 million bushels of the total carryout on June 30, 1952. If supplies in commercial channels are reduced and producers reduce their holdings below the present budget estimate then it may be expected that the CCC inventory will be larger than the budget estimate of 422.6 million bushels. This estimated CCC inventory includes anticipated deliveries of 220 million bushels from the 1951 crop and 202.6 million bushels on hand from prior crops.

World wheat stocks in the 4 principal wheat exporting countries on July 1, 1950 totaled 783 million bushels, 120 million bushels or 18 percent above the 663 million a year earlier. The 1950 crops, particularly the Canadian crop, are expected to be above average which may increase the world carryover into the 1951 crop year. An increased supply will probably increase competition for export markets thus depressing export prices. The assumed average U. S. port price for wheat during fiscal year 1952 is \$2.50 per bushel which is about 16 cents under the estimated cost to the Corporation. Therefore, losses on anticipated sales of 135 million bushels are estimated at \$21,600,000.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Honey.

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price which beekeepers receive for honey.

Eligibility: An eligible packer is any individual or legal entity having ownership of, or provision for, facilities to purchase, receive, handle, process, pack, and store honey and who enters into an appropriate agreement with CCC and agrees to pay beekeepers not less than the support price.

Eligible commodity is limited to extracted honey, equivalent to or better than U. S. Grade B, packed in 60-pound or larger containers, and produced in Continental United States. Honey with a moisture content in excess of that stipulated for Grade B (18.6%) but not in excess of 20% is eligible on the basis of price differentials reflecting the cost of reducing the moisture content to the prescribed level.

Operations: Purchases of eligible honey are made in Continental United States during the period April 1, 1950 through March 31, 1951, from packers, including cooperative marketing associations, who enter into agreement with CCC and pay not less than support price for all eligible honey they acquire. The support price for honey, Grade B or better, delivered to packers' plants by beekeepers, in 60-pound containers, is 9 cents per pound, which is 60 percent of the parity price as of April 1, 1950, the beginning of the 1950 marketing season.

The agreement with packers may provide for processing and repacking eligible honey acquired by the packer.

The price paid to packers shall not exceed the support price plus packer costs applicable to such honey.

Honey acquired under this program is to be sold principally for domestic food and non-food uses.

Authority: CCC Charter Act (P.L. 806, 80th Congress) and section 201(b) of the Agricultural Act of 1949 (P.L. 439, 81st Congress).

BASIS, 1952 ESTIMATE: The estimate is based on a probable production of about 240 million pounds of honey (slightly more than the preceding year), a total supply of 275 million pounds and domestic utilization and exports of about 215 million and 15 million pounds, respectively. It is expected that the Corporation would be required to purchase about 25 million pounds of honey. This entire amount is expected to be resold at an average loss to the Corporation of 5 cents per pound.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Milk and Butterfat

SUMMARY OF LATEST OPERATIONS:

Objective: To support the general levels of prices to producers for milk and butterfat and the products of such commodities from January 1950 to March 1951.

Eligibility: Eligible dairy products must be produced and located in the continental United States and must be in units of not less than tariff minimum carlots for the area where the products are located. Under present operations the following products are eligible:

Butter must be U. S. Grade B or higher, solid packed in commercial containers.

Nonfat dry milk solids must be spray and roller process, U. S. Extra Grade, packed in export containers.

Cheese must be American Cheddar of U. S. Grade A or higher, packed in commercial domestic or export containers.

Evaporated milk must contain not less than 7.9% milk fat and 25.9% total milk solids and be packed in 14-1/2 Oz. cans with 48 cans in a commercially acceptable box.

Operations: Purchases will be made on the basis of offers and acceptances pursuant to announcements setting forth the terms and conditions of purchase. Purchase contracts will be dated after December 31, 1949 and not later than March 31, 1951. The Corporation has assured an open announcement to buy carlots f.o.b. any location at the following prices:

Cheddar cheese, U. S. Grade A or higher	31¢ per lb.
Butter: U. S. Grade A or higher	60¢ per lb.
U. S. Grade B	58¢ per lb.
Nonfat dry milk solids, U. S. Extra: spray type.	12 1/2¢ per lb.
roller type	10 1/2¢ per lb.
Evaporated milk	\$3.95 per case

Authority: Commodity Credit Corporation Act, as amended (62 Stat. 1070, 63 Stat. 154), particularly section 5(a); and Title II of the Agricultural Act of 1949 (Public Law 439, 81st Congress).

BASIS, 1952 ESTIMATES: The large supplies of feeds available in marketing year 1950 will encourage continued heavy feeding and high milk production per cow. Therefore, although the total number of milk cows is expected to remain about the same, total milk production is expected to approximate 121 billion pounds in both the marketing years 1951 and 1952. Some improvement in domestic demand in 1952 is anticipated but may be partly offset by a decline in exports of dairy products. Production will probably exceed demand at the support price levels in marketing year 1952, but continued support at the current levels will require less price support purchase operations than the 1951 program.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Mohair

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of mohair to producers during 1950 at 74.1% of March 15, 1950 parity.

Eligibility: All mohair produced in the continental United States and territories is eligible for support.

Operations: Due to current high mohair prices and the likelihood of continued high prices during this marketing season, no operations are contemplated. However, if operations become necessary they will be conducted in the following manner: Under agreements with CCC, handlers will make purchases for the account of CCC directly from producers, pools, or secondary handlers, and CCC may also buy from handlers wool purchased by handlers in their own name from producers in lots of 3,000 pounds or less. The appraisal value of each lot of mohair acquired will be determined by appraisers employed by the U. S. Department of Agriculture. All handling charges except appraisal charges will be borne by CCC. A service charge will be made to cover appraisal expenses.

Authority: Commodity Credit Corporation Charter Act, as amended (Public Law 306, 80th Congress, Public Law 85, 81st Congress) -- particularly section 5; and Title II, section 201 (a) of the Agricultural Act of 1949 (Public Law 439, 81st Congress).

BASIS, 1952 ESTIMATE: Mohair prices are currently substantially above the parity price of mohair. U. S. mohair stocks are at an extremely low level, and there are no indications of a major decline in prices during the next two years.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Potatoes

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of potatoes; to promote maximum utilization of the crop and minimize waste and spoilage; and to encourage acreage adjustment.

Eligibility: In any area where a marketing agreement and order program is feasible, as determined by the Secretary, price support shall be or shall become inoperative in the event (a) growers fail to approve issuance of a marketing order, or (b) growers take action sufficient to require termination of a marketing order. The eligibility requirements are subject to the above stated limitations.

Eligible participants are (1) growers who have paid a service charge and complied with their individual acreage allotments and marketing regulations under applicable marketing agreements and orders, (2) dealers, licensed under the PAC Act, who have paid not less than the support prices to eligible growers and who have agreed to comply with provisions of the program.

Eligible potatoes are 1950 crop potatoes which meet the quality requirements of U. S. No. 2 grade or better, 2 inches minimum diameter, have been produced in areas eligible for price support, and which otherwise meet program requirements.

Operations: Purchases of 1950-crop potatoes, in fresh form, will be made through June 30, 1951. Prices are being supported at a national average for the season of \$1.01 per bu., which represents 60% of parity as of January 1, 1950. Allowances are made for marketing services performed.

Operation may be curtailed or suspended in individual areas during periods where it has been determined that average prices received have been, or are at such levels as will assure, insofar as practicable, each eligible grower in such area a reasonable opportunity to obtain a season average price for his merchantable potatoes equal to or higher than the season average support price for such area. Disposition is by sale to Government agencies, by sales to export outlets, by domestic commercial channels, by manufacturers of products made from potatoes, for use as livestock feed (except potatoes harvested from land infested with golden nematode), and in other domestic channels, and by donation under the provisions of Section 416 of the Agricultural Act of 1949, and by other legal means in accordance with plans approved by the President, CCC.

Authority: CCC Charter Act (P. L. 806, 80th Congress) and the Agricultural Act of 1949 (P. L. 439, 81st Congress).

BASIS, 1952 ESTIMATE: No estimate is shown for the 1952 fiscal year because P.L. 471, 81st Congress, prohibits price support on the 1951-crop potatoes unless marketing quotas are in effect. At present, no enabling legislation has been passed. Therefore, it appears unlikely that there will be any price support operations on the 1951 potato crop.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Tung Nuts

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of tung nuts and tung oil.

Eligibility: Producers of 1950 crop tung nuts. Tung nuts must be nature, air-dried, dark colored and with hard hulls suitable for crushing. Tung oil must meet federal specifications, must be supported by a certification that the quantity pledged does not exceed the quantity processed for the producer from his 1950 crop, and must be evidenced by an acceptable warehouse receipt guaranteeing the quantity and compliance with federal specifications.

Operations: Nonrecourse loans and purchase agreements are available on eligible tung oil from November 1, 1950 through June 30, 1951. Loans mature October 31, 1950, or earlier on demand and bear interest at 3%. They are made on a note-and-loan agreement basis with a warehouse receipt constituting the security. The support price for tung oil is 25.1 cents per pound, on the basis of the support price for tung nuts plus an allowance for cost of milling.

Purchase agreements are available on eligible tung nuts at 60% of parity (which is \$63.00 per ton) as of November 1, 1950 through January 31, 1951. The producer has the option of delivering either tung nuts or tung oil - and any quantity of either - within the maximum amount of tung nuts specified in the purchase agreement.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress) particularly section 5(a) thereof; sections 201 and 401 of the Agricultural Act of 1949 (Public Law 439, 81st Congress).

BASIS, 1952 ESTIMATE: The budget estimate assumes an estimated supply of 105,520,000 pounds. This supply is slightly less than recent years' average supplies; however, due to large supplies of other drying oils, such as linseed, prices of tung oil are expected to be at or slightly below the support level. Thus, the Corporation will probably acquire about 14,000,000 pounds during fiscal year 1952. Losses on sales of such stocks are estimated at \$750,000.

Since preparation of the above estimate world demand for oils has increased. Assuming that this demand continues through fiscal year 1952, it is doubtful that CCC will acquire any stocks.

PRICE SUPPORT PROGRAM, Designated Nonbasic Commodities

Wool

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of wool to producers during 1950 at 90% of March 15, 1950 parity.

Eligibility: All types and grades of shorn and pulled wool produced in the continental United States and territories are eligible for support.

Operations: Due to current high wool prices and the likelihood of continued high prices during this marketing season, no operations are contemplated. However, if operations become necessary they will be conducted in the following manner: Under agreements entered into with CCC, handlers will make purchases for the account of CCC directly from producers, pools, or secondary handlers, and CCC may also buy from handlers wool purchased by handlers in their own name from producers in lots of 3,000 pounds or less. The grade, type and appraisal value of each lot of wool acquired will be determined by appraisers employed by the United States Department of Agriculture. The shrinkage will be determined by the core test and other methods. All handling charges except appraisal charges will be borne by CCC. A service charge to cover appraisal expenses will be made in the amount of 4/10 cents per pound on grease wool and 8/10 cents per pound on scoured or carbonized wool.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), particularly section 5; and the Agricultural Act of 1949 (Public Law 439, 81st Congress), particularly Title II, section 201(a).

BASIS, 1952 ESTIMATE: The majority of the United States' wool requirements are normally imported. U. S. wool prices usually remain above world wool prices as a result of the U. S. tariff. World wool consumption has exceeded production by such a large margin since the close of the war that wartime surpluses have been used and a world-wide wool shortage is in prospect. Domestic wool prices currently exceed 125 percent of parity and are expected to remain substantially above 90 percent of parity for the next two years.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Barley

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1951-crop barley and to promote orderly marketing.

Eligibility: Eligible commodity is barley produced in 1951 and grading U.S. No. 5 or better. Eligible participants are producers of 1951-crop barley.

Operations: Nonrecourse loans will be available from harvest (about May 15, 1951) through January 31, 1952 and will mature April 30, 1952, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Loans will be made on a note-and-chattel mortgage basis for farm-stored barley and on a note-and-loan agreement basis for warehouse-stored barley. Loans will bear interest at the rate of 3 percent per annum. Purchase agreements will be offered to producers from harvest through January 31, 1952. A producer desiring to deliver barley to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1952. The producer will not be obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered. CCC will not assume any warehouse charges, except receiving charges incurred by the producer prior to May 1, 1952. A track loading payment of 2 cents per bushel will be made to the producer on barley delivered to CCC on track at a country point.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), as amended - particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

BASIS OF 1952 ESTIMATE: The budget estimate is based on a total estimated supply of 395 million bushels - 1951 crop production of 275 million bushels, carryin stocks of 100 million bushels, and imports of 20 million bushels. Domestic disappearance is estimated at 287 million bushels, exports at 20 million bushels, and a carryover of 88 million bushels. In view of the large supplies of feed grains, barley prices will probably remain near the support level, and it is estimated that 25 million bushels of barley will be placed under loan and 3 million bushels under purchase agreement. Of this amount, it is anticipated that 11 million bushels will be delivered to the Corporation in settlement of loans and purchase agreements.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Beans, Dry Edible

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1950-crop dry edible beans at an average price of \$6.30 per 100 pounds and to encourage acreage adjustment.

Eligibility: Eligible commodity is dry edible beans of the classes: Pea, Medium White, Great Northern, Small White, Flat Small White, Pink, Small Red, Pinto, Cranberry, Red Kidney, Standard Lima, and Baby Lima produced in 1950 on a farm where the acreage allotment is not exceeded. Beans delivered to CCC shall grade U. S. No. 2 or better and must be packed in suitable 100-lb. bags. Eligible participants are producers of dry edible beans who are in compliance with their acreage allotments.

Operations: Loans are available from harvest through January 31, 1951 and will mature April 30, 1951, or earlier on demand. Interest will be at the rate of 3% per annum. Loans are made on a note-and-chattel mortgage basis for farm-stored beans and on a note-and loan agreement basis for warehouse-stored beans. Loans may be obtained from approved lending agencies or direct from the Corporation. Purchase agreements are offered to producers from harvest through January 31, 1951. A producer who elects to deliver beans to the Corporation under a purchase agreement must declare his intentions to sell within a 30-day period ending April 30, 1951. The producer is not obligated to sell any specified quantity; however, the quantity specified in the purchase agreement is the maximum quantity that may be delivered.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), as amended, particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

BASIS, 1952 ESTIMATE: The budget estimate is based on the assumption that acreage allotments will be in effect on the 1951 crop. Production is estimated at 16 million 100-lb. bags and carryin stocks at 6.9 million bags, making a total supply of 23 million bags which should more than provide for known requirements. Domestic disappearance of 15.5 million bags and exports of 1 million bags will leave an estimated carryout on August 31, 1952 of nearly 7 million bags. Although farm prices are expected to be at or above support levels and demand is expected to increase, it is estimated that loans will be made on 2.5 million bags and purchase agreements on 1.2 million bags, and that 750 thousand bags will be delivered to CCC in settlement of loans.

Present Outlook: There will be no acreage allotments on the 1951 crop of dry edible beans.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Cottonseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1950-crop cottonseed to producers.

Eligibility: Cottonseed must have been produced in the continental United States in 1950 by person tendering it for loan or purchase, or, if tendered by a cooperative association, must have been produced and delivered to the association by its producer-members; or, if tendered by ginner for purchase, must have been purchased from eligible producers; and, to be eligible for farm-storage or warehouse-storage loan on identity-preserved cottonseed, must not contain more than 11% moisture; and on warehouse-storage loans on commingled cottonseed, the warehouse receipts must show the grade.

Operations:

Loans: Farm-storage nonrecourse loans will be made at \$50.00 per ton (support at approximately 73% of September 1, 1950 parity) to producers directly by CCC and through lending agencies on a note-and-chattel-mortgage basis for cottonseed stored in approved storage structures on or off the farm provided no warehouse receipts are outstanding. The settlement rate delivered in satisfaction of such loans will be \$51.00 per ton for basis grade (100) with premiums and discounts equal to the same percentage of such price as the percentage by which the grade delivered exceeds or is less than basis grade (100).

Warehouse-storage nonrecourse loans will be made at \$50.00 per ton to producers on the basis of note and loan agreement secured by warehouse receipts issued by warehousemen approved by CCC. If the warehouseman guarantees delivery of the grade and quality shown in the warehouse receipt, the producer will not be responsible for the grade and quantity delivered; if the warehouseman does not guarantee delivery of a specified grade and quantity, settlement will be made with the producer upon the basis of the actual grade and quantity of the cottonseed delivered.

CCC will not assume any warehouse charges on loan or purchase-agreement cottonseed incurred by the producer prior to 3-1-51, except that the President, CCC, may authorize payment to warehousemen of certain charges in connection with receiving, sterilization, and transportation of cottonseed.

Purchase Agreements: Producers are not obligated to deliver any specified quantity but shall have the option of delivering at the loan settlement rate for the grade delivered any quantity within the maximum specified in the purchase agreement executed by him.

Purchases: The President, CCC, will issue an open offer to purchase cottonseed from ginnerers or from eligible producers. Ginnerers must certify that all cottonseed offered was purchased from eligible producers and that, since filing of notice by the ginner of his intention to participate, he has not at any time up to and including the date of sale to CCC paid any producer less than \$47.00 per ton basis grade (100). Purchase rate to ginnerers will be \$51.00 per ton for basis grade (100).

Authority: Commodity Credit Corporation Charter Act, as amended (Public Law 806, 80th Congress, Public Law 85, 81st Congress)-particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

BASIS, 1952 ESTIMATE: The budget estimate is based on the assumption that for the 1951 crop 28.9 million acres of cotton will be harvested compared with 18.4 million acres for the 1950 crop. As a result production of cottonseed will increase from 4,031,000 tons in crop year 1950, to about 6,445,000 tons in 1951. At the same time, production of competing oilseeds, primarily soybeans, will be slightly reduced. It is also assumed that the market price will be at about the support level. Based on these assumptions, it is estimated that 1,000,000 tons of cottonseed will be purchased, loans will be made on 200,000 tons, loans on 175,000 tons will be repaid, and that the Corporation will acquire 25,000 tons of collateral.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Flaxseed

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of flaxseed and to promote orderly marketing.

Eligibility: Eligible flaxseed is that produced in 1951 and grading U. S. No. 2 or better. Eligible participants are producers of 1951-crop flaxseed.

Operations: Nonrecourse loans are available from harvest through October 31, 1951, in Arizona, California, and in those counties in Texas which are not designated as purchase counties, and through January 31, 1952, in all other States. Loans are made on a note-and-chattel mortgage basis for flaxseed stored on the farm and on a note-and-loan agreement basis when stored in an approved public warehouse. Loans will bear interest at the rate of 3 percent per annum and will mature on January 31, 1952, or earlier on demand in Arizona, California, and Texas counties not designated as purchase counties, and on April 30, 1952 in all other States. Purchase agreements are available on eligible flaxseed for the same periods and areas as are loans. A producer electing to deliver flaxseed to the Corporation must declare his intention in this regard within a 30-day period ending January 31, 1952, in Arizona, California and Texas, and ending April 30, 1952, in all other States, or on such earlier dates as may be prescribed by the President, CCC. The producer is not obligated to sell any specific quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered. The purchase price will be the applicable support price established for the flaxseed at the approved point of delivery. Direct purchases, if necessary, will be made in designated Texas counties from harvest through July 31, 1951, if the market price is not equal to or in excess of the support in such counties. This operation may be necessary, since flaxseed produced in this area contains excess moisture and cannot be stored without deterioration. Direct purchases, if made, will be through State and County PMA Committees, or authorized flaxseed dealers. The purchase price will be equivalent to the loan rate in the respective counties. Flaxseed may be toll-crushed, exchanged or sold under agreement to purchase flaxseed products to prevent undue loss from possible deterioration. The support rate is based on the national average support price of \$2.65 per bushel. This price represents 60% of parity as of September 1, 1950.

Authority: Commodity Credit Corporation Charter Act, as amended (Public Law 806, 80th Congress, Public Law 85, 81st Congress) - particularly section 5(a); and sections 301 and 401 of the Agricultural Act of 1949.

BASIS, 1952 ESTIMATE: The budget estimate is based on an anticipated supply of 38.3 million bushels - 1951-crop production of 34.3 million bushels from 3.5 million acres and carryin stocks of 4.0 million bushels. This estimated supply, based on planted acreage of about 3.7 million acres and yield of about 9.8 bushels per acre, together with relatively large carryin stocks, will provide 31.8 million bushels for domestic uses, 2.5 million bushels for export and leave a carryout of 4.0 million bushels. It is assumed that prices paid to farmers will substantially exceed support prices and that loans made on 4 million bushels, will be repaid.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Naval Stores

SUMMARY OF LATEST OPERATIONS:

Objective: To support the level of prices to producers of gum naval stores at 60 percent of April 1, 1950 parity.

Eligibility: Eligible naval stores include (1) processed turpentine meeting specifications prescribed by the Corporation and stored in approved bulk tanks; (2) processed rosin, Federally graded at not lower than Grade "G," packed in standard metal drums and placed in approved storage, and (3) crude gum stored at processing plants adequately equipped with storage facilities. Producers may pledge the turpentine and rosin content of stored crude gum, the warehouseman being obligated to process the gum within specified time limits and deliver the processed products equal to or better than the grades and weights loaned on.

Eligible borrowers are producers who are members of the American Turpentine Farmers Association Cooperative of Valdosta, Georgia, who cooperate in the 1950 Gum Naval Stores Conservation Program or otherwise follow good conservation practices and have made satisfactory arrangements to pay any indebtedness to the Department or any agency thereof.

Operations: Loans are available to eligible producers throughout the producing area through December 31, 1950 on production harvested in the calendar year 1950, mature April 1, 1951 or earlier on demand, and bear 3 percent interest per annum. The loan rate computed at 60 percent of the April 1, 1950 parity and applied to the gum naval stores production unit of 50 gallons of turpentine and 1,400 pounds of rosin is \$86.82. Initial loan rates are 40 cents per bulk gallon of turpentine and \$4.77 per cwt. of rosin, Grade "G" or better.

Producers are required to execute an agreement with the Association containing the terms and conditions upon which the loan is made, including a certificate of compliance with all requirements of eligibility for loan. The association enters into agreements with warehousemen and such agreements are assigned to CCC. Payment of the loan proceeds to the producer is effected by the warehouseman (acting as agent of the Association) making request therefor upon CCC through the Association. Such payments are made by check directly to producers or their designees by the Atlanta Federal Reserve Bank.

Authority: Commodity Credit Corporation Charter Act, as amended (15 U.S.C., Sup. II, §714; P. L. 85, 81st Congress), particularly section 5(a) thereof; and section 301 of the Agricultural Act of 1949 (P. L. 439, 81st Congress).

BASIS, 1952 ESTIMATE: The estimates are based on the assumption that the production of both gum and wood naval stores will be maintained at about the same level in 1950 and 1951 as in the past two years. The production estimates are less likely to be in error than disappearance forecasts since yields of gum naval stores are steadier than those of field crops and because wood naval stores output is a manufacturing operation rather than an agricultural enterprise.

Rosin: The 1951 production, most of which is marketed in the fiscal year 1952, is estimated at 4.1 million hundredweight of gum rosin and 6.5 million hundredweight of steam-distilled wood rosin. This production, together with carry-in stocks of 4.2 million hundredweight and small imports of Mexican gum rosin will provide a total available supply of 14.8 million hundredweight. Domestic disappearance of the 1950 crop has been unusually large so far, and the domestic market is expected to absorb 8.6 million hundredweight of the 1951 crop. Exports are expected to continue to expand slightly as industrial recovery progresses in the major consuming nations and are estimated to absorb 3.5 million hundredweight. Carry-out stocks at the close of the 1951 season should approximate 2.7 million hundredweight.

Under these conditions the 1950 and 1951 loan programs will serve mainly to permit producers to pledge their products during the flush season and redeem them during the slack season when markets are stronger. Estimated pledges of 1951 crop rosin would total 1.6 million hundredweight and most of these loans would be redeemed, leaving an estimated 0.4 million hundredweight to be acquired. CCC inventory at the close of fiscal 1952 would total 2.2 million hundredweight.

Turpentine: The 1951 crop is estimated at nearly 34 million gallons of gum turpentine and the various types of wood turpentine. In addition, carry-in stocks of $9\frac{1}{2}$ million gallons and imports from Mexico of nearly 1 million would provide a total supply of 44 million gallons. The comparatively low and steady turpentine prices prevailing up to September 1950 encouraged both the domestic distribution and export of this commodity, with a steady diminution of CCC stocks. However, prices rose sharply in September as a result of the international situation. In 1952 domestic disappearance of $28\frac{1}{2}$ million gallons plus exports of 7 million will leave a carry-out of less than 9 million gallons.

Under these conditions the turpentine loan, like that on rosin, will serve mainly to permit orderly marketing by producers of the flush season surplus. Of estimated loans on 2 million gallons, at least $1\frac{1}{2}$ million should be redeemed and $\frac{1}{2}$ million would be acquired by CCC. Total CCC stocks at the close of fiscal 1952 should approximate 800,000 gallons.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Oats

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1951-crop oats and to promote orderly marketing.

Eligibility: Eligible commodity is 1951-crop oats grading U. S. No. 3 or better. Eligible participants are producers of 1951-crop oats.

Operations: Nonrecourse loans will be available from harvest (about May 15, 1951) through January 31, 1952 and will mature April 30, 1952, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Loans will be made on a note-and-chattel mortgage basis for farm-stored oats and on a note-and-loan agreement basis for warehouse-stored oats. Interest will be at the rate of 3 percent per annum. Purchase agreements will be offered to producers from harvest through January 31, 1952. A producer who elects to deliver oats to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1952. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered. The Corporation will not assume any warehouse charges, except receiving charges incurred by the producer prior to May 1, 1952. A track loading payment of 2 cents per bushel will be made to the producer on oats delivered to the Corporation on track at a country point.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), as amended - particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

BASIS, 1952 ESTIMATE: This estimate is based on an anticipated supply of 1,661 million bushels of oats, consisting of 1951 crop production of 1,350 million bushels, carryin of 286 million bushels and imports of 25 million bushels. It is anticipated in the heavy grain producing areas that producers will avail themselves of the support program notwithstanding that the average price to farmers may be slightly above support levels. It is estimated that 12.5 million bushels will be placed under loan and 5 million bushels under purchase agreement, and that about 8 million bushels will be delivered to the Corporation in settlement of loans and purchase agreements.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Rye

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1951-crop rye and to promote orderly marketing.

Eligibility: Eligible commodity is rye produced in 1951 and grading U. S. No. 2 or better, or grading No. 3 solely on the factor of test weight but otherwise grading No. 2 or better.

Eligible participants are producers of 1951-crop rye.

Operations: Nonrecourse loans will be available from harvest (about May 15, 1951) through January 31, 1952 and will mature April 30, 1952, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Loans will be made on a note-and-chattel mortgage basis for farm-stored rye and on a note-and-loan agreement basis for warehouse-stored rye. Loans will bear interest at the rate of 3 percent per annum. Purchase agreements will be offered to producers from harvest through January 31, 1952. A producer desiring to deliver rye to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1952. The producer is not obligated to sell any specified quantity; however, the number of bushels specified in the purchase agreement is the maximum quantity that may be delivered. The Corporation will not assume any warehouse charges, except receiving charges incurred by the producer prior to May 1, 1952. A track loading payment of 2 cents per bushel will be made to the producer on rye delivered to the Corporation on track at a country point.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), as amended - particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

BASIS, 1952 ESTIMATE: The budget estimate is based on an anticipated production of 20 million bushels, which is 4 million below the 1939-48 average. The total available supply, including carryin stocks of 10 million bushels and imports of 6 million bushels, is estimated at 36 million bushels. There has been a marked downward trend in the harvested acreage of rye for a number of years because of competition from other crops for available land. Although the estimated supply is expected to be adequate to meet normal domestic and export requirements, it is likely that the market price will remain well above the support level. It is estimated that producers who wish to hold rye in storage for marketing later in the season at a more advantageous price will place under loan or purchase agreement about 1.6 million bushels of rye, and that only .3 million bushels will be delivered to CCC.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Seeds, Hay and Pasture

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1950-crop hay, pasture and range grass seed in order to encourage planting and harvesting so that adequate supplies will be available for future years.

Eligibility: Eligible seeds are certain alfalfas, clovers, and grasses produced in 1950. Seed delivered to CCC must be cleaned, bagged, and tagged and meet specifications determined by the Corporation. Eligible participants are producers of 1950-crop eligible seed.

Operations: Nonrecourse loans are available from July 13, 1950 through January 31, 1951 and will mature April 30, 1951 (September 30, 1951, in the case of buffalo grass seed) or earlier on demand. Loans may be obtained from approved lending agencies or direct from the Corporation. Farm-storage loans are made on a note-and-chattel mortgage basis and warehouse-storage loans are made on a note-and-loan agreement basis. Loans will bear interest at the rate of 3 percent per annum. Purchase agreements are offered to producers from July 13, 1950 through January 31, 1951. A producer desiring to deliver seed to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending on April 30, 1951 (ending on September 30, 1951 in the case of buffalo grass seed). The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement will be the maximum quantity that may be delivered. The basic support prices range from 4¢ to \$1.25 per pound depending upon variety, purity and germination.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), as amended - particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

BASIS, 1952 ESTIMATE: Supplies of hay, pasture and range grass seeds were small at the beginning of the 1950-crop year; prices were at high levels, and imports have been large. Expanded production of these seed crops was to be expected. Production prospects for the 1951 crop, especially for the perennial and biennial seeds are potentially large. Korean Lespedeza, which is available in unlimited supply, is not included in the price support program; Kobe Lespedeza, because of an unusually favorable harvest season in 1949 is in adequate supply - under average conditions surpluses are unlikely. Supplies of Common or Tenn. 76 and Sericea Lespedeza do not appear to meet the present level of demand. It is estimated that loans will be made on 30 million pounds of hay and pasture seed, of which 10 million pounds will be acquired in settlement of loans; purchase agreements will be made on 5 million pounds but none will be delivered to the Corporation.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Seeds, Winter Cover Crop

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of winter cover crop seeds (and some natural component mixtures thereof).

Eligibility: Eligible commodity is 1951-crop high-quality seed, cleaned, bagged, and tagged, of the following varieties: hairy, common and Willamette vetch; crimson clover; common ryegrass, blue lupine; and rough peas. Eligible participants are producers and cooperative marketing associations of producers.

Operations: Nonrecourse loans will be available to producers from harvest through December 31, 1951, and will mature January 31, 1952, or earlier on demand. Loans will be made on a note-and-chattel mortgage basis for farm-stored seed and on a note-and-loan agreement basis for warehouse-stored seed. Loans may be obtained from approved lending agencies or direct from the Corporation. Interest will be at the rate of 3 percent per annum. Purchase agreements will be available to producers from harvest through December 31, 1951. Producers electing to deliver seed to CCC under purchase agreements must declare their intention to sell within a 30-day period ending January 31, 1952. The producer will not be obligated to deliver any specified quantity but shall have the option of delivering any quantity up to the maximum specified in the purchase agreement. Support prices range from 4¢ to 16.5¢ per pound depending on variety.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), as amended - particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

BASIS, 1952 ESTIMATE: The short crops of previous years which had to be supplemented with extensive imports brought about high prices and thereby stimulated 1950 crop production. Prospective supplies for 1950-51 are above normal and should provide a large reserve against future demands. However, expanding domestic use of winter cover crop seeds does not make these surpluses appear too burdensome. Furthermore, there is a potential European market for most of them. The budget estimate is based on the assumption that production of winter cover crop seed will total about 387 million pounds; estimated carryin stocks of about 250.5 million pounds and imports of 5.1 million pounds will make a total supply of 642.6 million pounds. Domestic disappearance of 437 million pounds and exports of 20 million pounds will leave an estimated carryout of about 185.6 million pounds. It is estimated that loans will be made on 175 million pounds and that 28 million pounds will be delivered in settlement of loans; purchase agreements will be made on 16.7 million pounds, of which 4.2 million pounds will be delivered to the Corporation.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Sorghums, Grain

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1950-crop grain sorghums and to promote orderly marketing.

Eligibility: Eligible commodity is grain sorghums produced in 1950 grading No. 4 or better. Eligible participants are producers of 1950-crop grain sorghums.

Operations: Nonrecourse loans are available from July 13, 1950 through January 31, 1951 and will mature March 31, 1951, or earlier on demand. They may be obtained from approved lending agencies or direct from the Corporation. Farm-storage loans will be secured by notes and chattel mortgages and warehouse-storage loans will be secured by notes and loan agreements. Loans will bear interest at the rate of 3% per annum. Purchase agreements are offered to producers from July 13, 1950 through January 31, 1951. A producer desiring to deliver grain sorghums to the Corporation under a purchase agreement must declare his intention to sell within a 30-day period ending March 31, 1951. The producer is not obligated to sell any specified quantity; however, the amount specified in the purchase agreement is the maximum quantity that may be delivered. The national average support price is 1.87 per hundredweight, which is equal to 65% of parity as of July 1, 1950.

Authority: Commodity Credit Corporation Charter Act (Public Law 806, 80th Congress), as amended - particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

BASIS, 1952 ESTIMATE: The budget estimate is based on a total supply of 103.6 million cwt., consisting of 1951 crop production of 72.8 million cwt. and a carryin of 30.8 million cwt. Domestic disappearance is expected to be 67.2 million cwt., exports 22.4 million cwt. and carryover 14 million cwt. In view of the large supplies of feed grains, grain sorghums prices will probably remain near the support level, and it is estimated that 20 million cwt. of the 1951 crop will be placed under loan and 2 million cwt. under purchase agreement. Deliveries under the purchase agreement operation and in settlement of loans are estimated at 13 million cwt.

PRICE SUPPORT PROGRAM, Other Nonbasic Commodities

Soybeans

SUMMARY OF LATEST OPERATIONS:

Objective: To support the price of 1950-crop soybeans and to promote orderly marketing.

Eligibility: Eligible commodity is soybeans having moisture content not in excess of 14 percent and grading U. S. No. 4 or better on all other factors. Eligible participants are producers of 1950-crop soybeans.

Operations: Nonrecourse loans are available from harvest (about August 15, 1951) through January 31, 1951, maturing May 31, 1951, or earlier on demand. Loans are made on a note-and-chattel mortgage basis for soybeans stored in approved farm-storage structures and on a note-and-loan agreement basis secured by warehouse receipts, when place of storage is an approved public warehouse. Loans are made at the national average support price of \$2.06 per bushel, which represents 80 percent of the parity price, as of September 1, 1950. Premiums and discounts for moisture content, damage, location, etc., for all eligible grades are substantially in line with established commercial differentials. Loans may be obtained from approved lending agencies or direct from the Corporation. Loans bear interest at the rate of 3 percent per annum. Purchase agreements are available to producers from harvest through January 31, 1951. A producer desiring to deliver soybeans to the Corporation under a purchase agreement must so declare his intentions within a 30-day period ending May 31, 1951, or on such earlier date as may be determined by the Corporation. A producer is not obligated to deliver any specified quantity of soybeans to CCC; however, the number of bushels specified in purchase agreement is the maximum quantity which may be delivered. The purchase price will be applicable support price. Service fees and track-loading payment are in accordance with established CCC policy. The support price of the 1950-crop soybeans will be \$2.06 per bushel, the national average support price, representing 80% of parity, as of September 1, 1950.

Authority: Commodity Credit Corporation Charter Act, as amended (Public Law 806, 80th Congress, Public Law 85, 81st Congress) particularly section 5(a); and Titles III and IV of the Agricultural Act of 1949.

BASIS, 1952 ESTIMATE: The budget estimate is based on an anticipated supply of 251 million bushels -- 1951 crop production of 246 million bushels, from 12 million acres and carryin stocks of

5 million bushels. It is assumed that prices to farmers will average in excess of the support price, and that all loans on the commodity will be redeemed by producers. It is anticipated that no purchases or sales will be made under the price support program and that no deliveries will be made of any soybeans under purchase agreements.

SUPPLY PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: This program is intended to facilitate the acquisition of agricultural commodities to meet requirements of the Department of Defense, the Economic Cooperation Administration, other governmental agencies, foreign governments, relief agencies, and Section 32 or any similar appropriation to the Department of Agriculture.

Operations: Purchases are confined to commodities produced in the United States. Purchases for any claimant, other than a Federal Government agency, require (1) a firm requisition or a firm contract from the claimant and (2) a deposit with the Treasurer, Commodity Credit Corporation, of cash or its equivalent, or other acceptable financial arrangements. Purchases for Federal agencies require a written order constituting a firm obligation. Purchases may be made in advance of firm commitments and prior to deposit of cash only upon specific authorization of the Board of Directors when it is anticipated that no risk of loss is involved. In addition, the Board of Directors may authorize the purchase and stockpiling of commodities in the interest of national security.

Generally, purchases are made at the best price obtainable at either an announced price or on an offer-and-acceptance basis in quantities, at times, and at prices which shall cause the least disturbance in market prices. Purchases may also be made under formal competitive bids.

Transfers to claimants are at prices designed to reimburse the Corporation for all costs incidental to carrying out this operation. Disposition through commercial channels, donations, or destruction are made in accordance with statutory requirements and authorized policy.

During fiscal year 1950 wheat, flour, soybeans, sugar, lard, and vegetable oils consisted of the major part of the supply purchases. The Corporation also transported, stored, and disposed of Mexican canned meat obtained as a result of the Bureau of Animal Industry's foot-and-mouth disease eradication activities in Mexico. Sales to claimants were approximately 51 percent to the Department of Defense, 46 percent to ECA programs, 2 percent to cash-paying foreign governments, and 1 percent to other claimants.

Authority: Commodity Credit Corporation Charter Act (62 Stat. 1070-1075, as amended by P. L. 85, 81st Congress; and 15 U.S.C., Supp. II, 714-714c) particularly section 5(c).

FOREIGN PURCHASE PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To procure abroad foods and agricultural commodities and either import into the United States or sell to United States Government agencies and foreign claimants without importation into the United States.

Operations: Purchases for United States Government agencies and foreign claimants without importation into the United States are made after receipt of firm requisitions or purchase orders. Purchases for importation into the United States are based on the requirements of Federal agencies, agencies of foreign governments, private relief organizations distributing food abroad, and similar claimants.

Purchases usually are made on an offer-and-acceptance basis, however, purchases are not made in excess of comparative market prices in the United States.

Purchases in fiscal year 1950 were limited to three commodities. Sugar purchases from Cuba amounted to approximately 346 thousand tons, approximately 6 million pounds of frozen beef was purchased in Mexico, and 13 million pounds of copra from the Philippines. These purchases were made primarily for the Department of Defense for use in occupied areas and for countries participating in the European Recovery Program.

The program expected in fiscal year 1951 includes 100 thousand tons of sugar, about 21 million pounds of Mexican frozen beef, and 30 million pounds of wool which is being purchased for the Department of Defense.

Authority: Commodity Credit Corporation Charter Act (62 Stat. 1070-1075, as amended by P. L. 85, 81st Congress; and 15 U.S.C., Sup. II § 714-714o) particularly section 5(c).

COMMODITY EXPORT PROGRAM

Under its Commodity Export Program, the Corporation may export or cause to be exported or aid in the development of export markets for agricultural commodities and products. The purpose of the program is to retain and expand foreign markets for agricultural commodities and products thereof produced in the United States and to aid in the disposal of agricultural commodities and products thereof excess to domestic needs. While only a wheat export program is reflected in the 1952 budget, it is entirely possible that other commodities may be exported or caused to be exported, should conditions develop which were not anticipated at the time the 1952 budget was prepared.

CCC WHEAT AND WHEAT FLOUR EXPORTS PURSUANT TO THE INTERNATIONAL WHEAT AGREEMENT

SUMMARY OF LATEST OPERATIONS:

Objective: To implement the International Wheat Agreement. The objective of the International Wheat Agreement is to assure supplies of wheat to importing countries and markets for wheat to exporting countries at equitable and stable prices.

Eligibility: Importing countries that have approved the International Wheat Agreement are eligible to purchase approximately 22½ million bushels of wheat and wheat flour equivalent produced in the United States at specified prices. The wheat and wheat flour may be sold by the CCC or by commercial exporters.

Operations: There are two types of activities under this operation:

- (1) Sale of wheat acquired under the price support program and wheat and wheat flour acquired under the supply program which the Corporation determines to be eligible for recording against the guaranteed quantities of the U. S. Government and the importing countries under the International Wheat Agreement. Sales are made at prices not in excess of the maximum equivalent price provided in the International Wheat Agreement. Sales prices may be determined at the time of sale and in advance of the date of shipment. In addition, purchaser may be charged for carrying charges and marketing costs as permitted under the International Wheat Agreement;
- (2) The Corporation is authorized to make payments to commercial exporters of domestic wheat and wheat flour processed therefrom in the United States pursuant to sales to participating countries which the Commodity Credit Corporation determines are eligible for entering in the records of the Wheat Council as sales against the guaranteed quantities of this country. The payments will be made on the basis of published announcements of the rate for the date or period of sale. Rates will be determined on the basis of the relationship between current domestic market prices and current prices equivalent to the International Wheat Agreement basic maximum price of \$1.80 per bushel for No. 1 Manitoba Northern wheat in bulk at Fort William and Port Arthur.

Since the exact cost of operations under the agreement cannot be determined until the end of any fiscal year, the International Wheat Agreement Act of 1949 authorizes the Corporation to use its general borrowing authority to pay current obligations and then request the Congress to provide funds to reimburse the Corporation for any losses incurred under this program. Pending such reimbursement, the Corporation is authorized to establish the net costs of operations under the agreement as an account receivable.

Authority: Section 2 of the International Wheat Agreement Act of 1949 (Public Law 421, 81st Congress) and Commodity Credit Corporation Charter Act, as amended, particularly Sections 5(c) and (f) thereof.

BASIS, 1952 ESTIMATE: The budget estimate is based on the assumption that sales will continue to be based on the maximum Wheat Agreement price during fiscal year 1952. With this assumption it is estimated that 130 million bushels will be exported compared with the 1951-52 U. S. quota of 220 million bushels. The cost of such exports to the government is estimated at \$115,200,000. In arriving at this amount it is assumed that the domestic price of wheat will be close to price support levels. Converted to an f.o.b. ocean vessel basis, weighted according to the quantities expected to be exported from the various U. S. ports, the domestic price is estimated to be \$2.46 per bushel. The weighted average price at which it is estimated wheat will be sold under the agreement is \$1.82 per bushel. This price is based on the maximum price of \$1.80 per bushel for No. 1 Manitoba Northern wheat in store Fort William/Port Arthur, Canada, converted to an f.o.b. ocean vessel basis U. S. ports adjusted to take account of quality differences between "Weighted average U. S. wheat" and No. 1 Manitoba Northern Wheat. Thus, the difference between \$2.46 and \$1.82 or 64 cents per bushel represents the estimated per bushel cost chargeable to the International Wheat Agreement.

STORAGE FACILITIES PROGRAM

SUMMARY OF LATEST OPERATIONS:

Objective: To provide adequate storage facilities for CCC-owned and producer-owned commodities; to assist producers in financing the construction or purchase of suitable farm-storage facilities; to encourage the construction of needed commercial storage facilities; and to assist producers in financing the purchase of suitable mechanical driers to facilitate safe farm storage.

Operations: Bins and granaries are bought by the Corporation on an offer-and-acceptance basis and are located only in areas where it is determined that existing privately-owned storage facilities are not adequate. Contracts had been awarded through December 1, 1950 for the purchase of storage units having a capacity of approximately 503,000,000 bushels. This is in addition to the 44,000,000 bushel capacity purchased prior to 1941 and presently owned by the Corporation.

Storage use guarantees are made under agreements with commercial firms, including cooperatives, in order to encourage the construction of additional commercial storage facilities for farm commodities in areas where additional facilities are necessary. The guarantees made under the agreements are in the form of a guarantee as to the capacity that will be utilized or a guarantee as to the rate of earnings from storage in the new facility, or a combination of both. The Corporation fulfills the guarantee, either by actual storage of CCC-owned commodities, or by making a payment. Storage rates must not exceed the rate the Corporation is paying for comparable storage in the same area at the time the agreement is made.

Recourse loans are made to producers, either through lending agencies or by the Corporation, for financing the construction or purchase of suitable farm-storage facilities. Loans are for a maximum period of about five years, payable in equal annual principal payments beginning January 31, 1951, with interest at the rate of 4 percent on the unpaid balance. The maximum amount to be loaned on any new farm-storage facility is 45 cents per bushel of capacity (\$30 per ton of cottonseed capacity), provided that such maximum amount does not exceed 85 percent of the cost incurred. Loans are secured by mortgages on such facilities. The Corporation may prepay, or require the borrower to prepay, the amount of any annual installment out of the proceeds from any price support loan or purchase agreement due the borrower within 12 months preceding the date on which the installment falls due. Any past due installment may be deducted and paid out of any amounts due the borrower on any program carried out by the Department of Agriculture.

Recourse loans are made to producers, either through lending agencies or by the Corporation, for financing the purchase of grain driers. Loans are for a maximum period of three years, payable in equal annual principal payments beginning January 31, 1951, with interest at the rate of 4 percent per annum on the unpaid balance. The maximum amount to be loaned on any single drier is 75 percent of the delivered cost. Loans are secured by chattel mortgages. The Corporation may prepay, or require the borrower to prepay, the amount of any annual installment out of the proceeds from any price support loan or purchase agreement due the borrower within 12 months preceding the date on which the installment falls due. Any past due installment may be deducted and paid out of any amounts due the borrower on any program conducted by the Department of Agriculture.

Authority: Commodity Credit Corporation Charter Act (62 Stat. 1070-1075, as amended by P. L. 85, 81st Cong.; 15 U.S.C., Sup. II § 714-714c), particularly sections 4(h) and 5(a) and (b).

BASIS, 1952 ESTIMATE: It is anticipated that the Corporation will acquire about 100 million bushels of bin-type storage capacity during fiscal year 1952. This capacity will be available to replace certain emergency type space such as airplane hangars, etc. and to meet storage requirements in areas where there is a shortage of commercial storage space. This estimate is subject to change to the extent that commercial space becomes available.

Producers are being urged to increase farm storage structures in order to hold the grain on the farm for future feeding requirements. Loans are offered for financing the construction of new structures or for the improvement of existing facilities. It is estimated that loans will be made covering 74 million bushels of farm storage capacity during fiscal year 1952.

Since the preparation of the estimate indicating granary purchases of 100 million bushels, it appears that increased domestic disappearance of grain and a possibility of increased exports will reduce grain bin purchase requirements in fiscal year 1952.

(a) Administrative Expenses, Commodity Credit Corporation

Appropriation Act, 1951	\$16,350,000
Anticipated Supplemental, 1951 (House Document No. 724) :	<u>3,850,000</u>
Base for 1952	20,200,000
Budget Estimate, 1952	<u>20,200,000</u>
Change	<u>- -</u>

The Budget estimate for administrative expenses is based on the commodity estimates for fiscal year 1952. The accuracy of the commodity estimates are dependent upon numerous factors such as weather conditions, volume of agricultural production in this country and foreign countries, economic conditions generally, mobilization needs, and other complex and unpredictable factors. A change in any one of these factors or any combination could result in substantial changes in the program estimates. Since the administrative expenses required are based insofar as possible on the program estimates, they in turn would be subject to change.

The program budget estimates for fiscal year 1952 are based on the assumption that yields would continue at high levels in the crop years 1950 and 1951. Accordingly, the grain inventories owned by the Corporation are estimated to increase somewhat over the quantities owned during fiscal year 1951. Thus, administrative funds required in connection with acquisitions, dispositions, and management of grain stocks are estimated to be slightly above the estimated 1951 costs for such operations. Storage facilities purchased for the storage of CCC-owned grains have increased from about 44 million bushels of capacity as of July 1, 1949 to 547 million bushels of capacity as of December 31, 1950. Further increases are anticipated before the end of fiscal year 1952. It is estimated that administrative costs in connection with supervision of the maintenance, care, and operation of bin-type storage facilities will increase for fiscal year 1952 because of the expanded program.

Offsetting these estimated increases are estimated decreases in administrative costs for (1) the cotton and cottonseed programs and (2) discontinuance of price support operations for potatoes and eggs.

The following tables reflect by commodity and fiscal year the estimated number of loans made and the inventories owned by the Corporation.

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

COMMODITY CREDIT CORPORATION

Comparison of Estimated Number of Loans Made,
Fiscal Years 1951, and 1952

Commodity	Fiscal Year 1951 (Estimated)	Fiscal Year 1952 (Estimated)
Barley	11,450	11,450
Beans, dry edible	10,450	10,700
Corn	265,800	225,200
Cottonseed	- -	13,300
Flaxseed	20,600	13,750
Oats	12,700	12,700
Peanuts	120	100
Peas, dry edible	- -	- -
Potatoes	- -	- -
Rice	2,000	2,000
Rye	2,950	2,200
Seeds: hay & pasture	3,650	2,900
winter cover crop	2,600	2,500
Sorghums, grain	37,800	30,250
Soybeans	15,500	13,550
Wheat	291,600	349,100
Total (excluding cotton)	677,220	689,700
Cotton <u>1</u> /	100,000	2,000,000
Total Loans Made	777,220	2,689,700

1/ Each bale of cotton represents a workload unit.

Comparison of Beginning Inventories - Price Support Program - Actual Fiscal Years 1947-1951 Inclusive,
and Estimated Beginning and Ending Inventories for Fiscal Year 1952

IN THOUSAND POUNDSIN THOUSAND BALES

IN THOUSAND GALLONS

Turpentine	1.900	3.410	2.587	800	800
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CHANGES IN LANGUAGE

The estimates include a proposed change in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

Commodity Credit Corporation: * * * Provided further, that the Secretary of the Treasury is hereby authorized and directed to discharge [\$66,698,457] indebtedness of the Commodity Credit Corporation to the Secretary of the Treasury by canceling notes issued by the Corporation to the Secretary of the Treasury in the amount of the capital impairment determined by the appraisal of June 30, 1950 (but not to exceed \$427,000,000), pursuant to [section] sections 1 and 4 of the Act of March 8, 1938, as amended (15 U.S.C. 713a-1, 4).

This change in language is proposed to authorize the Secretary of Treasury to restore the amount of capital impairment of the Commodity Credit Corporation as of June 30, 1950. The Act of March 8, 1938, as amended, provides that the Secretary of the Treasury shall make an appraisal of all the assets and liabilities of the Commodity Credit Corporation for the purpose of determining the net worth of the Corporation. In the event that the appraisal establishes that the net worth of the Corporation is less than \$100,000,000, the Secretary of the Treasury shall restore the amount of capital impairment.

In lieu of specifying a definite amount, which is pending final determination, the proposed language provides for the cancellation of notes by the Secretary of Treasury in the amount, but not in excess of \$427,000,000, of the capital impairment as finally determined by the appraisal of June 30, 1950.

The restoration of \$66,698,457 authorized in the 1951 appropriation act to cover the deficit in 1949 was approved on September 6, 1950.

The addition of the words "Section 1 and" are solely for the purpose of including the complete code citation for the item.

AGRICULTURAL CONSERVATION PROGRAM

Purpose Statement

The Agricultural Conservation Program is formulated under the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, as amended, and is financed from the "Conservation and Use of Agricultural Land Resources" appropriation item.

The purposes of the Act include the preservation and improvement of soil fertility, and promotion of the economic use and conservation of land. To effectuate these purposes of the Act the Agricultural Conservation Program offers assistance to farmers and ranchers in all of the 48 States, Alaska, Hawaii, Puerto Rico, and the Virgin Islands in carrying out approved soil-building and soil-and-water-conserving practices.

Each State and county selects approved conservation practices for which assistance will be offered in the State, county, or other area. The practices selected are of the following approved types:

1. Practices to protect soil from wind and water erosion, such as terraces, sod waterways, and contour farming.
2. Practices to develop cropping systems that protect the soil and restore, improve, and maintain soil productivity, such as green manure and cover crops and the application of mineral elements on conserving crops.
3. Practices to restore and maintain range and permanent pasture such as grazing land management, pasture and range reseeding, and livestock water developments.
4. Practices to conserve and obtain efficient use of agricultural water, such as subsoiling and reorganization of irrigation systems.
5. Drainage practices, such as open farm drainage ditches and tile drains.
6. Farm woodland practices, such as planting forest trees and shrubs and improving a stand of forest trees.

The rates of assistance vary by practices and by States and area so as to make the most effective use of available funds. The average rate of assistance for all practices is less than one-half the cost of performing the practice, the farmer bearing the balance of the cost. Assistance is available in the form of materials or services furnished to the farmer for carrying out approved conservation practices or in the form of cash payments as partial reimbursement to the farmers who carry out approved practices at their own expense. Materials and services furnished to farmers are obtained through local private sources where practicable.

	Estimated, <u>1951</u>	Budget estimate, <u>1952</u>
Appropriated funds	\$256,500,000	\$285,000,000

(b) Conservation and Use of Agricultural Land Resources

	On Direct Appropriation Basis	On Funds Available Basis
Appropriation Act, 1951	\$282,500,000	\$282,500,000
Reduction pursuant to section 1214	<u>-26,000,000</u>	<u>-26,000,000</u>
Net appropriation available, 1951	256,500,000	256,500,000
Add increased borrowing in 1951 from Commodity Credit Corporation under authority contained in section 391(c) of the Agricultural Adjust- ment Act of 1938 for purchase of advance con- servation materials for 1951 program	- -	+25,750,000
Base for 1952	256,500,000	282,250,000
Budget Estimate, 1952	<u>285,000,000</u>	<u>285,000,000</u>
Increase (to assist farmers in carrying out additional soil conservation practices in accordance with the advance authorization of \$285,000,000 carried in the 1951 Agri- cultural Appropriation Act)	<u>+28,500,000</u>	<u>+2,750,000</u>

Note.--Although there is an increase of \$28,500,000 on a direct appropriation basis, funds available in the estimate for 1952 are only \$2,750,000 above 1951. In order that the reduction of \$26,000,000 pursuant to Section 1214 of the General Appropriation Act, 1951, would not affect plans for services and material to be advanced to farmers under the 1951 program, an additional \$25,750,000 was borrowed from the Commodity Credit Corporation as authorized by Section 391(c) of the Agricultural Adjustment Act of 1938. The difference of \$250,000 represents administrative funds reduced under Section 1214, but not offset by additional borrowings from Commodity Credit Corporation.

PROJECT STATEMENT

Project	On a Program Basis			
	1949	1950		1951
	(Fiscal Year:	(Fiscal Year:	Increase	(Fiscal Year
	1950)	1951)	or	1952)
	(estimated)	(estimated)	Decrease	(Estimated)
Agricultural Conservation:	:	:	:	:
Program:	:	:	:	:
Conservation payments:	:	:	:	:
to farmers	\$224,214,802	\$257,000,000	+\$2,750,000	\$259,750,000
FMA County Committee :	:	:	:	:
operating expenses :	20,854,000	20,284,000	- -	20,284,000
National and State :	:	:	:	:
Office operating :	:	:	:	:
expenses	4,992,439	4,966,000	- -	4,966,000
Transfer to General :	:	:	:	:
Accounting Office. :	191,983	- -	- -	- -
Total available. :	250,253,224	282,250,000	+2,750,000	285,000,000

(Continued on next page)

Project	On a Program Basis			
	1949	1950		1951
	(Fiscal Year:	(Fiscal Year:	Increase	(Fiscal Year
	1950)	1951)	or	1952)
	(estimated)	(estimated)	Decrease	(estimated)
Adjustments:				
Difference in amount				
used for advance pur-				
chase of conservation:				
materials and ser-				
vices from prior				
fiscal year's appro-				
priation for current				
program and amount to:				
be used for advance				
purchase of conserva-				
tion materials and				
services from current:				
fiscal year's appro-				
priation for ensuing				
calendar year	+10,777,937:	-7,142:		
Received by Loan from CCC:	-25,000,000:	-40,750,000:		
Repayment of Loan from				
CCC	+21,012,278:	+15,007,142:		
Reduction in appropria-				
tion pursuant to Sec-				
tion 1214	- -	+26,000,000:		
Total appropriation or				
estimate	257,043,439:	282,500,000:		

The Agricultural Conservation Program is operated on a calendar (crop) year basis. The 1950 program which closed December 31, 1950, is financed from funds provided in the 1951 Appropriation Act. In that Act, the Congress authorized the formulation and administration of a 1951 Agricultural Conservation Program amounting to \$285,000,000, for which program the 1952 Budget Estimate is submitted, as reflected in the above project statement.

Advance authorization for the 1952 Agricultural Conservation Program

The Budget estimates propose an authorization for the 1952 Agricultural Conservation Program amounting to \$285,000,000. Continuation of the program at the same level as that authorized by Congress for the 1951 Program, is believed essential.

It is most important that the Nation's agricultural resources be maintained at a level that will assure adequate production and at the same time maintain the productive capacity of our soils that will satisfy indefinitely our needs for food, feed and fiber. Only by the positive performance of conservation practices on a nationwide basis can we build up a national defense reserve of production capacity and maintain or restore the soil and water resources.

The great production records of our farms and ranches during World War II can be attributed in a large part to the soil-building and soil-and-water-conserving practices carried out by farmers under the Agricultural Conservation Program during the years preceding hostilities. It also follows that the great productive capacity of our factories, mills, etc. could only have been obtained by an adequately fed and clothed civilian population. Food and clothing for the Armed Services are just as necessary as guns and ammunition.

As the United States may be called upon to utilize its agricultural productive facilities to the limit of their capacity, we must not diminish our efforts to encourage the use of conservation practices -- a combination of practices to maintain farm production on a sustained yield basis. The ability to produce food, feed and fiber in the volume required to meet shifting world conditions is perhaps one of the most important single elements contributing to the increasingly important position this country is taking in international affairs.

CHANGES IN LANGUAGE

The estimates include proposed changes in language of this item as follows (new language underscored; deleted matter enclosed in brackets):

To enable the Secretary to carry into effect the provisions of sections 7 to 17, inclusive, of the Soil Conservation and Domestic Allotment Act, approved February 29, 1936, as amended (16 U.S.C. 590g-590q), including not to exceed \$6,000 for the preparation and display of exhibits, including such displays at State, interstate, and international fairs within the United States;

[\$282,500,000] \$285,000,000, to remain available until December 31 of the next succeeding fiscal year for compliance with the program of soil-building practices and soil-and-water-conserving practices authorized under this head in the Department of Agriculture Appropriation Act, [1950] 1951, carried out during the period July 1, [1949] 1950, to December 31, [1950] 1951, inclusive; Provided,

- 1 That not to exceed [\$25,500,000] \$25,250,000 of the total sum provided under this head shall be available during the current fiscal year for salaries and other administrative expenses for carrying out such program, the cost of aerial photographs, however, not to be charged to such limitation; but not more than [\$5,000,000]
- 2 \$4,966,000 shall be transferred to the appropriation account,

"Administrative expenses, section 392, Agricultural Adjustment Act of 1938": * * * Provided further, That such amount shall be available for salaries and other administrative expenses in connection with the formulation and administration of the [1951] 1952 program of soil-building practices and soil-and water-conserving practices, under the Act of February 29, 1936, as amended (amounting to \$285,000,000 including administration, and formulated on the basis of a distribution of the funds available for payments and grants among the several States in accordance with their conservation needs as determined by the Secretary, except that the proportion allocated to any State shall not be reduced more than 15 per centum from the distribution for the next preceding program year, and no participant shall receive more than \$2,500): * * *

Other than the usual changes in year dates applicable to the programs covered by the appropriation and the period of availability thereof, the estimates include proposed changes in the language of this item, as follows:

The first change decreases the total limitation for administrative expenses from \$25,500,000 to \$25,250,000 for the purpose of projecting into fiscal year 1952 the reductions made in 1951 pursuant to section 1214 of the 1951 General Appropriation Act, composed of \$34,000 reduction against the transfer to Administrative Expenses, Section 392, and \$216,000 reduction in transfer to Local Administration, Section 388.

The second change reflects the reduction of \$34,000 in Administrative Expenses, Section 392, as part of reduction required by section 1214 of the 1951 General Appropriation Act.

STATUS OF PROGRAM

Depletion of the soil and improper use of agricultural resources adversely affect the national welfare. It is, then, in the interest of the permanent national welfare to conduct a conservation program which will assure the positive performance of necessary conservation jobs by farmers in every agricultural community in the country. Conservation of the soil and water resources is an essential part of any adequate farm program that is designed to safeguard the future welfare of the nation.

Approach

To obtain the needed performance of practices to build up and maintain the nation's agricultural resources a program must deal with the individual farmer and his farm -- with the conservation problems on each farm and with the practices that must be carried out to obtain maximum returns in conservation. The Agricultural Conservation Program uses this approach to the national soil and water conservation problem and offers assistance in cash or conservation materials and services as partial reimbursement for carrying out approved soil-building and soil-conserving practices. This assistance has provided a direct stimulus for the introduction and application of protective conservation measures.

Conservation Needs

Legislation provides that the funds made available for the Agricultural Conservation Program be apportioned among the States based upon conservation needs as determined by the Secretary. The PMA State Committees, with the assistance of the PMA County Committees, in collaboration with the various Federal, State, and local agricultural agencies, estimate each State's conservation needs on the basis of the physical characteristics of the land, climatic conditions, present land use, drainage and water supply, etc. and the extent of particular practices needed to prevent wind or water erosion, to conserve and better utilize water for agricultural use, and to maintain or improve soil productivity. These estimates are reviewed and adjustments are made, where necessary, to obtain a uniform basis of comparison among similar States. The final needs estimates for each State are approved by the Secretary and are used as a basis for allocating program funds.

Program Development

Farmer-elected county and community committeemen working with farmers, local technical people, and representatives of local farm organizations recommend to the State Committee the practices for which the need is most urgent and general. State Committees with the assistance of the Technical Advisory Committee, composed of representatives of the Federal and State agricultural agencies, review and analyze the county recommendations for the purpose of developing State recommendations.

The national program is based upon State Committee recommendations and includes those practices which with local adaptation will meet requirements for safe land use and provide a basis for a complete conservation program -- not a program built around one or two practices but a program which will fill a wide variety of needs in different parts of the country.

Types of Practices

A sound system of farming requires the use of a combination of practices--the construction of various mechanical structures and the adoption of improved agronomic practices on each farm and ranch. The practices required to meet conservation needs generally fall into four major classes:

1. Construction practices such as terracing to prevent erosion, leveling land to permit more efficient use of irrigation water, building dams to encourage better distribution of grazing and to aid in flood control, etc.
2. Establishing pastures of perennial grasses and other permanent cover.
3. Growing annual cover crops such as winter or annual legumes to replace humus in the soil and to provide a cover to protect the land from wind or water erosion.
4. Applying minerals such as lime and phosphate to pasture and hayland sods to aid in establishing vegetative cover that is essential in conserving soil and water resources.

Practice and Practice Specifications

Extreme variations in conservation problems, types of farming and farming operations require a considerable latitude for local adaptation. A routine practice in one section of the country may not be routine in another section. The National Bulletin which sets forth approved practices for the entire country therefore provides maximum flexibility in the selection of practices and in establishing rates of assistance within the maximum specified in the Bulletin so that States and counties may develop programs and place major emphasis where it is needed most.

Likewise, specifications for a particular practice are not the same in all States. For instance, the best time of seeding for a winter cover crop may vary from State to State and a good terrace in Kansas may vary from a good terrace in Georgia because of different soil and climatic conditions although the specifications for each are the result of research and practical experience and designed to meet the need in each area. The variation in practice specifications provides the additional flexibility needed to adapt practices to meet local needs.

Program Administration

PMA State and County Committees administer the Agricultural Conservation Program in the States, counties, and communities. County and community committees are composed of farmers elected by their neighbors and are thoroughly familiar with the conservation needs of the farms in their communities; the methods and practices followed by the farmers, and with the farmers themselves. This is of particular advantage in administering the program since each farm is a separate and distinct unit of operation. Efficient operation of the farm and effective application of the program must be based not only upon the different kinds and combinations of the soil on the farm but upon the ability, facilities, and the ideas and customs of the farmer himself.

1949 Agricultural Conservation Program Data

Participation. 2,825,759 farmers participated in the 1949 Agricultural Conservation Program and participating farms included about 62 percent of the nation's cropland. The following table shows the percentage participation and the gross amounts available for assistance to farmers under the 1948 and 1949 programs.

Table I - Participation and Gross Assistance, 1948 and 1949

Program Year	Participation				Gross Assistance (million dollars)
	Farms	Fermland	Cropland	Pasture	
	(Percent)	(Percent)	(Percent)	(Percent)	
1948	40	49	56	42	130
1949	45	55	62	49	224

Table II - Practices Carried Out

Estimated Conservation Needs Compared with Extent of Practices Carried Out (Selected Permanent Practices) - Amount Performed under 1949 Program and 1936-1949 Programs

Practice	Unit	Estimated Total	Amount Performed under 1949 Program	Amount Performed under 1936-1949 Programs
Dams	Structures	2,213,107	99,690	917,444
Drainage ditches, open and tile	Acres	65,515,568	3,718,559	23,378,005
Permanent sod waterways	1,000 sq.ft.	202,356,000	2,387,259	11,747,492
Terraces	Acres	100,226,750	1,566,098	16,944,432
Tree planting	Acres	30,305,296	95,573	784,023
Permanent cover by seeding and sodding	Acres	7,707,323	210,955	1,796,445
Seeding and reseeded pastures	Acres	129,051,333	5,035,975	45,837,893

1/ Estimated needs data taken from list approved by the Secretary in August 1949. It represents needs remaining after 1947.

2/ Extent on which assistance was given under the program during the 14-year period 1936-1949. Does not include practices carried out on nonparticipating farms or practices carried out on participating farms for which no assistance was given.

Table III - Estimated Annual Needs Compared with Extent of Practices Carried out under 1949 Program (Selected Annual and Recurring Practices)

Practice	Unit	Estimated Annual Need 1/	Amount Performed under 1949 Program
Application of liming materials (annual)	Tons	78,875,597	24,433,957
Application of 20% superphosphate (or equivalent) (annual)	Tons	17,339,921	3,109,792
Contour farming 2/	Acres	179,641,884	6,228,611
Field stripcropping not on contour	Acres	36,905,450	6,834,376
Green manure and cover crops ...	Acres	100,939,443	17,379,703

1/ Amount needed annually as estimated in 1947.

2/ Including "cross-slope" farming.

1950 Agricultural Conservation Program

Practices under the 1950 Agricultural Conservation Program stress protecting soil from wind and water erosion, restoring and maintaining soil productivity, restoring and maintaining sustained yields on range and permanent pasture, conserving and obtaining efficient use of water for agricultural purposes, and establishing, restoring, and maintaining farm woodland at high levels of sustained yields.

The wind erosion practices included in the 1950 Agricultural Conservation Program are "urgent" practices at this particular time because of the potential wind erosion situation in the Great Plains. This area is subject to recurrent droughts and in the spring of 1950, for the second successive year, soil blowing spread considerably. Nearly 8-1/2 million acres of winter wheat seeded in the fall of 1949 were abandoned by the first of May. The Great Plains Agricultural Council report of April 1 showed 7,965,000 acres susceptible to wind erosion and 1,126,000 acres already injured by blowing. If the agricultural resources of the Great Plains are to be maintained the performance of conservation measures such as field stripcropping, management of crop residues, protective tillage operations on cropland, and management of grazing land to maintain protective cover must be accelerated.

Relationship of ACP to the Department's Conservation Program

The Department of Agriculture carries on several types of conservation activities - research with respect to the causes, effects, and prevention of wind and water erosion, the dissemination of information on conservation developments, and technical and financial assistance in the

performance of conservation measures. The Agricultural Conservation Program is an essential part of the whole conservation program of the Department. It helps farmers through financial or other assistance to carry out approved soil-building and soil-and water-conserving practices on their farms and accelerates application on farms of methods, recommendations, and practices developed under the research and other conservation activities of the Department.

Need for Conservation Practices

During the last fourteen years great progress has been made in conservation farming and practices have been carried out on a nationwide basis. The obligation on the part of the Government to assist farmers in building up and maintaining the soil and water resources has received increasing recognition in recent years. The incentive provided through financial assistance from the Federal Government has encouraged farmers to adopt and increase the use of practices to maintain farm production on a sustained yield basis.

The job of maintaining the nation's agricultural resources at a level that will assure adequate production is a never-ending job. In terms of dollars and cents, it is an expensive job. But it pays large dividends in keeping our agricultural productive facilities in condition to produce food, feed, and fiber in the volume required to meet shifting world conditions; in lowered costs of production, and in its contribution toward stabilizing not only the agricultural but the general economic welfare.

ACREAGE ALLOTMENT AND MARKETING QUOTA PROGRAMS

Purpose Statement

Acreage allotment and marketing quota programs, authorized by Title III of the Agricultural Adjustment Act of 1938, as amended, provide a method whereby production of the basic agricultural commodities - tobacco, peanuts, cotton, wheat, corn, and rice - may be balanced with requirements, thus avoiding burdensome surpluses. This appropriation provides funds to carry out such programs on the basic commodities as may be approved from time to time.

The national acreage allotment (in the case of corn, allotment for commercial corn-producing area) is set at a level which, based upon normal or average yield, will result in production ample for domestic consumption, exports, and adequate reserves. The total acreage is divided among States or counties on the basis of production history for a specified number of years preceding the year in which the national allotment is determined, with adjustments for production trends, abnormal weather and production conditions, previous allotments, etc.

In general, the acreage available for allotment in a State or county is apportioned among eligible farms on the basis of such factors as tillable acreage, past acreage, crop rotation practices, type of soil, topography, and the land, labor, and equipment available for the production of the commodity. Acreage allotments, in themselves, do not constitute an enforced limitation on production. However, if growers stay within their allotments in years when marketing quotas are not in effect, other control measures may not be required in the subsequent year or years. Compliance with acreage allotments established for basic commodities is a condition of eligibility for price support.

Marketing quotas must be proclaimed: For tobacco when the total supply exceeds the reserve supply level, and must be proclaimed if quotas were in effect for the kind of tobacco in the immediately preceding year; for peanuts each calendar year regardless of the supply situation; for cotton when the total supply exceeds the normal supply; and for wheat, corn, and rice when the total supply exceeds the normal supply by a stated percentage. The farm marketing quota in the case of tobacco and peanuts is the actual production on the farm acreage allotment and in the case of cotton, wheat, corn, and rice it is the actual production from all of the acreage planted to the commodity on the farm less the farm marketing excess. The farm marketing excess is the normal yield times the excess acres, but it may not exceed the difference between the actual production on the farm less the normal production of the acreage allotment. Farmers who are dissatisfied with their marketing quotas may appeal to the Review Committee for a review of the acreage allotment or marketing quota established for the farm.

Quota programs do not become effective unless at least two-thirds of eligible farmers voting in a referendum approve quotas. Quotas may be increased or suspended under certain demand and supply conditions, in the interest of consumers, or in national emergencies.

When marketing quotas are in effect penalties are imposed on the farm marketing excess of cotton, wheat, corn, and rice, and on the marketings of tobacco and peanuts produced in excess of the marketing quotas. In the case of wheat, corn, and rice, the producer may avoid or postpone payment of the penalty by storing or delivering to the Secretary of Agriculture that part of his crop which would be subject to penalty if marketed.

	Estimated, <u>1951</u>	Budget estimate, <u>1952</u>
Appropriated funds	\$25,800,000	\$24,000,000

(c) Acreage Allotments and Marketing Quotas

Appropriation Act, 1951	\$32,300,000
Reduction pursuant to section 1214	-6,500,000
Base for 1952	25,800,000
Budget Estimate, 1952	24,000,000
Decrease, 1952	<u>-1,800,000</u>

PROJECT STATEMENT

Project	1950	1951 (estimated)	Increase or Decrease	1952 (estimated)
1. Tobacco	\$2,862,450	\$3,169,500	- -	\$3,169,500
2. Peanuts	2,487,460	2,230,000	- -	2,230,000
3. Cotton	10,400,909	7,302,000	-1,128,000	6,174,000
4. Wheat	8,922,730	7,214,855	-375,000	6,839,855
5. Corn	5,253,375	5,714,225	-297,000	5,417,225
6. Rice	202,850	169,420	- -	169,420
Unobligated balance	21,000	- -	- -	- -
Total available	<u>30,150,774</u>	<u>25,800,000</u>	<u>-1,800,000</u>	<u>24,000,000</u>
Reduction pursuant to section 1214	- -	+6,500,000		
Total appropriation or estimate	<u>30,150,774</u>	<u>32,300,000</u>		

The 1952 Budget estimates include funds for acreage allotments on all basic commodities and marketing quotas on tobacco and peanuts. The decrease of \$1,800,000 reflected in the Budget estimate consists of (1) a reduction of \$1,128,000 in expenses for cotton, representing the estimated costs during fiscal year 1951 to administer marketing quotas on the 1950 crop, and (2) reductions of \$375,000 in expenses for wheat and \$297,000 for corn which it is believed will be possible through further streamlining of the procedure for performance checking.

However, current developments in connection with the national emergency may require further changes in plans for acreage allotment programs, necessitating reanalysis and adjustment of fund requirements under this appropriation for 1952.

The breakdown indicated in the project breakdown by commodities of the estimated cost of administering acreage allotment and/or marketing quota programs is tentative, based upon the best information available at this time. Until 1950, no acreage allotment and/or marketing quota programs had been in effect on any of the basic commodities except tobacco and peanuts for approximately seven years. Complete cost figures with respect to the 1950 crop which would furnish up-to-date information are not now available since crop and marketing years do not coincide with the Federal fiscal year and acreage allotment and marketing quota work is carried out during more than one fiscal year.

CHANGE IN LANGUAGE

The estimates include proposed change in the language of the item as follows (New language underscored; deleted matter enclosed in brackets):

- 1 To enable the Secretary to formulate and carry out acreage allotment and marketing quota programs pursuant to the provisions of title III of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1301-1393), ~~/ \$32,300,000 /~~ \$24,000,000 of which not more than ~~/ \$5,500,000 /~~ \$4,900,000 shall be transferred to the appropriation account "Administrative expenses, section 392, Agricultural Adjustment Act of 1938" ~~/~~ : Provided, That \$4,000,000 of this appropriation shall be placed in reserve pending determination by the Secretary as to necessity of marketing quotas on the 1951 crops of wheat, corn, and rice, to be released in such amounts and at such times as determined by the Bureau of the Budget to be necessary in connection with such marketing quotas /.

The first change eliminates the proviso placing \$4,000,000 in reserve pending determination by the Secretary of Agriculture of the necessity for marketing quotas on certain of the basic commodities.

STATUS OF PROGRAM

General

Acreage allotment and marketing quota programs, authorized by Title III of the Agricultural Adjustment Act of 1938, as amended, provide a method whereby production of the basic agricultural commodities - tobacco, peanuts, cotton, wheat, corn, and rice - may be brought in line with needs, thus eliminating burdensome surpluses.

Acreage Allotments

The national acreage allotment is set at a level which, based upon normal or average yield, will result in production ample for domestic consumption, exports, and adequate reserves. The total acreage is divided among the States and counties on the basis of production history for a specified number of years preceding the calendar year in which the national allotment is determined with adjustments for production trends, abnormal weather and production conditions, previous allotments, etc. The acreage available for allotment in a county is apportioned among eligible farms on the basis of tillable acreage, past acreage, crop rotation practices, type of soil, and topography. Acreage allotments, in themselves, do not constitute an enforced limitation on production, but if growers stay within their allotments other measures may not be required. Compliance with acreage allotments established for basic commodities is a condition of eligibility for price support and may be used as a condition of eligibility for other agricultural programs.

Marketing Quotas

Marketing quotas must be proclaimed as follows:

- (1) for tobacco, when the total supply exceeds the reserve supply level and/or if quotas were in effect for the kind of tobacco in the immediately preceding year;
- (2) for peanuts, each calendar year regardless of the supply situation;
- (3) for cotton, when the total supply exceeds the normal supply;
- (4) for wheat, corn, and rice when the total supply exceeds the normal supply by a stated percentage.

The farm marketing quota in the case of tobacco and peanuts is the actual production on the farm acreage allotment; in the case of cotton, wheat, corn, and rice, it is the actual production from all of the acreage planted to the commodity on the farm less the farm marketing excess. The farm marketing excess is the normal yield times the excess acres, but it may not exceed the difference between the actual production on the farm less the normal production of the acreage allotment. Farmers who are dissatisfied with their acreage allotments or marketing quotas may appeal to the Review Committee for a review of the acreage allotment or marketing quota established for the farm.

Referendum

Quota programs do not become effective unless at least two-thirds of eligible farmers voting in a referendum approve quotas.

Penalties

As a means of enforcement of marketing quotas, penalties at rates specified in the law, are imposed on the farm marketing excess of cotton, wheat, corn, and rice, and on the sale of tobacco and peanuts produced on the acreage in excess of the farm acreage allotment.

Penalties are collected from producers and refunds are made to those who file claims with the Secretary within two years after payment of any penalty if the Secretary finds that such penalty was wrongfully, erroneously, or illegally collected. Refunds are made from special deposit accounts into which penalty collections have been transferred. After funds become no longer available for making refunds they are covered into the General Fund of the Treasury of the United States.

Programs in Effect

The following statement indicates the basic commodities to which acreage allotments and/or marketing quotas apply:

	1950 Crop		1951 Crop	
	<u>Acreage Allotments</u>	<u>Marketing Quotas</u>	<u>Acreage Allotments</u>	<u>Marketing Quotas</u>
Tobacco:				
Flue-cured	X	X	X	X
Burley	X	X	X	X
Fire-cured	X	X	X	X
Dark Air-cured	X	X	X	X
Virginia Sun-cured	X	X	X	X
Cigar filler & binder (Types 42, 43, 44, 51, 52, 53, 54, 55) 1/	None	None	X	X
Peanuts	X	X	X	X
Cotton	X	X	None	None
Wheat	X	None	(terminated 1/5/50)	None
Corn	X	None	None	None
Rice	X	None	X	None

1/ Quotas proclaimed for the first time on the 1951 crop and approved in a referendum held December 20, 1950. Quotas were also proclaimed for Southern Maryland and Pennsylvania Filler but were disapproved in referenda.

Tobacco Acreage Allotment and Marketing Quota Program

Kinds of Tobacco

For the purposes of carrying out the provisions of the Agricultural Adjustment Act of 1938, as amended, the various kinds of tobacco are divided into their recognized classifications and each kind of tobacco is treated as a separate commodity.

Proclamation of Quotas

Quotas must be proclaimed whenever the total supply of tobacco as of the beginning of the marketing year then current exceeds the reserve supply level. Regardless of the supply situation, however, a quota must be proclaimed for each kind of tobacco for which a quota was proclaimed in the preceding year. The quota for any marketing year may be proclaimed between the beginning of the preceding marketing year and the following December 1. For the 1951 crops, quotas were proclaimed on the following dates:

<u>Kind of tobacco</u>	<u>Date</u>
Flue-cured	November 28, 1950
Burley	November 28, 1950
Fire-cured	November 29, 1950
Dark air-cured	November 29, 1950
Virginia sun-cured	November 29, 1950
Southern Maryland	November 27, 1950
Cigar filler and binder (continental types)	November 28, 1950

Amount of Quota

The marketing quota proclamation specifies in pounds of tobacco the quantity which may be marketed during the next following marketing year. It is an amount which will make available for marketing during the year a supply of tobacco equal to the reserve supply level. This is the national marketing quota. Quotas were proclaimed for 1951 as follows:

<u>Kind of tobacco</u>	<u>Number of pounds</u>	<u>Number of acres</u>
Flue-cured	1,235,000,000	1,069,000
Burley	542,000,000	437,000
Fire-cured	63,100,000	57,100
Dark air-cured	30,200,000	26,800
Virginia sun-cured	4,042,000	4,350
Southern Maryland	36,700,000	48,000
Cigar filler (type 41)	47,300,000	32,000
Cigar filler and binder (other types)	70,900,000	47,000

Referendum

Within 30 days after the issuance of the proclamation a referendum must be held. The provisions relating to tobacco provide that in addition to voting on whether quotas are favored for a period of one year, the Secretary shall also submit the question of whether quotas are favored for a period of three years. Farmers voting in referenda have approved quotas for flue-cured, burley, and Virginia sun-cured tobacco through the 1952 marketing year and for fire-cured and dark air-cured tobacco through the 1951 marketing year. Farmers voting in referenda held on December 20, 1950, approved quotas for 1951 for eight types of cigar filler and binder tobacco but disapproved quotas for Southern Maryland and Pennsylvania filler tobacco.

Termination or Increase in Quotas

The quota may be increased or terminated if, after investigation, it is determined that such action is necessary (1) to make available free of marketing restrictions a normal supply of tobacco (this must be done by March 1), (2) to meet a national emergency, and (3) to meet an increase in export demand.

State Marketing Quotas and Acreage Allotments

The national marketing quota is apportioned among the States on the basis of historical production and the volume of tobacco apportioned to each State is converted to a State acreage allotment on the basis of the average yield per acre during the preceding five years adjusted for abnormal conditions of production.

There are set forth below by States and by kinds of tobacco the acreages allotted for 1950 and 1951.

<u>State and kind of tobacco</u>	<u>Acreage allotted 1950</u>	<u>Acreage allotted 1951</u>
<u>Flue-cured</u>		
Alabama	508.7	537
Florida	20,208.8	22,014
Georgia	98,228.2	107,520
North Carolina	641,122.4	703,927
South Carolina	111,198.1	122,504
Virginia	97,328.8	106,785
Reserve for new farms	- -	5,346
Total	<u>968,595.0</u>	<u>1,068,633</u>
<u>Burley</u>		
Alabama	57.4	52
Arkansas	94.2	81
Georgia	126.9	115
Illinois	28.9	19

State and kind of tobacco	Acreage allotted 1950	Acreage allotted 1951
<u>Burley (continued)</u>		
Indiana	10,615.9	11,008
Kansas	259.6	230
Kentucky	273,919.7	288,735
Missouri	4,840.3	4,900
North Carolina	12,471.7	12,153
Ohio	13,859.6	14,261
Oklahoma	5.0	6
Pennsylvania	1.7	2
South Carolina	10.4	7
Tennessee	84,044.9	85,491
Virginia	14,077.8	14,034
West Virginia	3,838.7	3,737
Reserve for new farms	- -	2,185
Total	<u>418,252.7</u>	<u>437,016</u>
<u>Fire-cured</u>		
Illinois	2.0	1
Kentucky	22,622.0	22,758
Tennessee	23,322.1	23,501
Virginia	10,613.9	10,602
Reserve for new farms	- -	286
Total	<u>56,560.0</u>	<u>57,148</u>
<u>Dark air-cured</u>		
Indiana	161.8	137
Kentucky	22,948.4	23,040
Missouri	7.0	8
Tennessee	3,443.2	3,506
Reserve for new farms	- -	134
Total	<u>26,560.4</u>	<u>26,825</u>
<u>Virginia sun-cured</u>		
Virginia	4,350	4,316
Reserve for new farms	- -	21
Total	<u>4,350</u>	<u>4,337</u>
<u>Cigar filler and cigar-binder</u>		
Connecticut	- -	11,163
Massachusetts	- -	5,656
Minnesota	- -	388
New Hampshire	- -	13
New York	- -	457

State and kind of tobacco	Acreage allotted 1950	Acreage allotted 1951
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Cigar filler and cigar-binder (continued)

Ohio	6,695
Pennsylvania	431
Vermont	13
Wisconsin	21,466
Reserve 1/	467
Total	<u>46,749</u>

1/ Acreage reserved for establishing allotments for farms upon which no cigar filler and cigar binder tobacco (exclusive of type 46) has been grown during the past five years.

Farm acreage allotments

PMA county and community committeemen establish for every eligible farm a usual or normal acreage of tobacco under uniform regulations issued by the Secretary. The total of all the normal acreages for farms in each State is then adjusted pro rata to come within the State allotment. In some instances, in the case of Burley, a minimum acreage allotment must be established for any eligible farm regardless of the size of the computed acreage.

Performance Checking

Shortly after the planting season, PMA county and community committeemen determine by actual measurement the acreage of tobacco planted on every farm in the county. This planted acreage is compared with the acreage allotment to determine compliance therewith.

Marketing Cards

After performance has been checked and prior to the opening of the tobacco markets, marketing cards are prepared for each farm on which tobacco is being grown during the year. The marketing quota for a farm is the actual production on the farm acreage allotment. Two types of marketing cards are issued -- a within quota card for each farm on which the acreage planted to tobacco is within the farm acreage allotment and an excess card for each farm for which it has been determined that the acreage planted to tobacco exceeds the farm acreage allotment. The excess is recorded on the farm marketing card so that the appropriate amount of penalty may be collected at the time the producer receives proceeds from the sale of any of the tobacco produced on the farm.

Penalties

Upon the sale of tobacco the producer presents his marketing card to the auction warehouse or the individual purchasing the tobacco for execution of a memorandum of sale for each sale of tobacco. On the auction warehouse floors the Department of Agriculture has a representative to

execute these memoranda. In the event penalty is due, it is collected by the warehouseman from the proceeds due the producer. The rate of penalty is 40 percent of the season's average price per pound for the respective kind of tobacco for the preceding marketing year. Penalties collected are remitted periodically to designated offices of the Department which, in turn, forward such penalties to the Treasury Department.

The following statement shows the penalties which have been collected since the program has been in effect:

<u>Marketing Year</u>	<u>Amount</u>
1938-1939	\$ 943,225
1939-1940	No quotas
1940-1941	659,081
1941-1942	182,014
1942-1943	423,794
1943-1944	510,706
1944-1945	1,727,681
1945-1946	3,982,007
1946-1947	3,971,759
1947-1948	977,910
1948-1949	1,508,003
1949-1950	2,566,255
Total	<u>17,452,435</u>

Job Time Table -- 1951 Crop

Acreage Allotments

Flue-cured	Proclaimed between July 1 and December 1, 1950 (issued Planted - March - June 1951 Harvested - July - August 1951
Burley)	Proclaimed between October 1 and December 1, 1950
Fire-cured)	(issued
Dark air-cured)	Planted - May - June 1951
Va. sun-cured)	Harvested - July - August 1951

Collecting, reviewing, and compiling basic data and reconstituting farms	July - October 1950
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Determining, computing, compiling, and reviewing farm allotments and yields	October 1950 - January 1951
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Preparing and mailing notices	December 1950 - January 1951
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Handling appeals	January - February 1951
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Measuring farms and computing acreages

May - October 1951

Auditing county committee records

March - August 1951

Marketing Quotas

Flue-cured

Proclaimed between July 1 and December 1, 1950
(issued
Marketed July 1, 1951 - June 30, 1952 (actually
marketed July through November)

Burley)

Fire-cured)

Dark air-cured)

Va. sun-cured)

Proclaimed between October 1 and December 1, 1950
(issued
Marketed October 1, 1951 - September 30, 1952
(actually marketed November through February)

Referendum

Within 30 days after
proclamation of quotas

Determining producers' quotas, issuing
marketing quota notices and cards, handling
marketing reports, violations, penalties,
etc.

July 1951 - August 1952

Auditing county committee records

July 1951 - August 1952

Peanut Acreage Allotment and Marketing Quota Program

Proclamation of Quota

A national marketing quota must be proclaimed between July 1 and December 1 of each calendar year regardless of the supply situation. On October 26, 1950, a national marketing quota of 650,000 tons was proclaimed for the 1951 crop of peanuts.

Amount of Quota

The amount of the national marketing quota is that quantity of peanuts which will make available from the crop with respect to which the quota is proclaimed, a supply equal to the average quantity of peanuts harvested for nuts during the five years preceding the year for which the quota is proclaimed adjusted for current trends and prospective demand conditions. Prior to the enactment of Public Law 272, 81st Congress, the provisions of the Agricultural Adjustment Act of 1938, as amended, provided that the acreage allotment for any State could not be reduced below the State acreage allotment for 1941. However, as amended by Public Law 272, the 1941 minimum provision is not effective except for years when the national acreage allotment equals or exceeds 2.1 million acres.

Referendum

Not later than December 15 of the year in which the quota proclamation is made, a referendum must be held to determine whether farmers favor marketing quotas with respect to the next three crops of peanuts. A referendum was held on December 14, 1950, with respect to the 1951, 1952, and 1953 crops in which 70.8 percent of the farmers voting favored quotas.

Termination or Increase in Quota

The quota may be terminated or increased to meet a national emergency or an increase in export demand.

National Acreage Allotment

The national marketing quota, expressed in tons of peanuts, is converted to a national acreage allotment by dividing the quota by the normal yield per acre determined on the basis of the average yield per acre in the preceding five calendar years. Adjustments are made for trends in yields and for abnormal conditions of production affecting yields during the five-year period. The national acreage allotment for the 1951 crop is 1,771,117 acres.

State Acreage Allotments.

The national acreage allotment is apportioned among the States on the basis of the average acreage for peanuts harvested for nuts in the preceding five years. Adjustments are made as required for trends in yields and for abnormal conditions of production affecting yields during the five-year period.

There are set forth below, by States, the acreages allotted under the 1950 and 1951 programs. The acreages shown for 1950 do not reflect the increases provided by Public Law 471, 81st Congress, inasmuch as they applied only to the 1950 crop and cannot be considered in prorating national acreage allotments in subsequent years.

	<u>Acreage Allotment</u> <u>1950</u>	<u>Acreage Allotment</u> <u>1951</u> (Preliminary)
Alabama	274,907	229,535
Arizona	960	801
Arkansas	5,473	4,570
California	1,257	1,050
Florida	73,236	61,149
Georgia	701,400	585,638
Louisiana	2,506	2,092
Mississippi	9,272	7,742
Missouri	279	233
New Mexico	5,959	4,975
North Carolina	225,702	188,451
Oklahoma	183,600	153,298
South Carolina	18,375	15,342
Tennessee	4,766	3,979
Texas	451,200	376,732
Virginia	141,108	117,819
Total apportioned	2,100,000	1,753,406
Maximum reserve for new farms	- -	17,711
Grand total	<u>2,100,000</u>	<u>1,771,117</u>

Farm Acreage Allotments and Marketing Quotas.

PMA county and community committeemen apportion the State acreage allotment among individual peanut-producing farms within the State on which peanuts were grown in any of the three years preceding the year for which the allotment is determined on the basis of tillable acreage available for and past production of peanuts, taking into consideration the acreage allotments established for the farm under previous allotment or conservation programs. The amount of the farm marketing quota is the actual production on the farm acreage allotment. Quotas are not applicable to any farm on which the acreage of peanuts is one acre or less.

Performance Checking

After planting is completed, PMA county and community committeemen determine, by actual measurement, the acreage planted to peanuts on every farm to which quotas apply. If the planted acreage exceeds the farm acreage allotment the acreage must be rechecked to determine what part of the planted acreage was picked and threshed.

Marketing Cards

As soon as the correct acreage has been determined, marketing cards are issued - a within quota card for farms on which the acreage of peanuts is within the farm acreage allotment and an excess card for those farms on which the acreage of peanuts exceeds the farm acreage allotment. The excess is recorded on the farm marketing card so that the appropriate amount of the penalty may be collected at the time the producer receives proceeds from the sale of any peanuts produced on the farm.

Penalties

The marketing of peanuts in excess of the farm marketing quota or the marketing of peanuts from any farm for which no acreage allotment is determined (except for farms on which the acreage of peanuts is one acre or less) is subject to a penalty at a rate equal to 50 percent of the basic loan rate for the marketing year beginning in the calendar year in which the peanuts are produced.

The following penalty collections were made in the years in which quotas were in effect.

<u>Marketing Year</u>	<u>Amount</u>
1941-1942	\$ 52,033
1942-1943	106,409
1949-1950	Not available
Total	<u>158,442</u>

Job Time Table -- 1951 Crop

Acreage Allotments

Proclamation - between July 1 and December 1, 1950 (issued October 26, 1950)

Crop planted - January - May 1951

Harvested May - October 1951

Collecting, reviewing, and compiling basic data and reconstituting farms

October 1950 - May 1951

Determining, computing, compiling, and reviewing farm allotments and yields

October 1950 - May 1951

Preparing and mailing notices	November - December 1950
Handling appeals	January - February 1951
Measuring farms and computing acreages	March - November 1951
Auditing county committee records	March - August 1951

Marketing Quotas

Proclamation - between July 1 and December 1, 1950 (issued October 26, 1950)

Marketed - August 1, 1951 - July 31, 1952

Referendum - December 14, 1950

Determining producers' quotas, issuing marketing quota notices and cards, handling marketing reports, violations, penalties, etc.

Auditing county committee records - September 1951 - May 1952

Cotton Acreage Allotment and Marketing Quota Program

Proclamation of Quota

A national marketing quota must be proclaimed whenever the total supply of cotton for the marketing year beginning in that calendar year exceeds the estimated normal supply. For extra long-staple cotton, the total supply must exceed the normal supply by more than 8 percent before quotas may be proclaimed. The proclamation must be made not later than October 15 of the calendar year in which the determination is made.

On October 3, 1950, it was announced that no quotas would be in effect on the 1951 crop of upland or extra long-staple cotton. Careful analysis of available statistics (September Crop Report and statistics of the Bureau of the Census as of August 16, 1950) and critical appraisal of the supply and demand prospects for cotton indicated that the total supply for the 1950-51 marketing year would be less than the normal supply by 2,393,000 bales, or 12.7 percent.

In making the calculations with respect to the 1951 crop, the total supply and normal supply statistics for upland (short-staple) cotton and extra long-staple cotton (as covered by section 347 of the Agricultural Adjustment Act of 1938, as amended) were taken separately. On the basis of this segregation a national marketing quota for the 1951 crop of extra long-staple cotton is not required, although the total prospective supply probably will exceed the normal supply by some 13,000 bales or about 7 percent. Unless the total supply is determined to be in excess of normal supply by more than 8 percent, quotas are not required.

Upland Cotton

Total Supply - 1950-51 marketing year 1/

Carryover on August 1, 1950	6,639,000 bales
Estimated production, 1950 crop	9,637,000 bales
Estimated imports for marketing year beginning August 1, 1950	129,000 bales
Total supply, 1950-51 marketing year ...	<u>16,405,000 bales</u>

Normal Supply - 1950-51 marketing year 1/

Estimated domestic consumption in the marketing year beginning August 1, 1950	9,860,000 bales
Allowance for exports for the marketing year beginning August 1, 1950 and carryover July 31, 1951	8,938,000 bales
Normal supply, 1950-51 marketing year ..	<u>18,798,000 bales</u>

Total Supply of 16,405,000 bales divided by Normal Supply of 18,798,000 bales = 87.3%

- 1/ As determined on October 3-excludes extra long-staple cotton and similar types of such cotton which are imported. Figures in running bales or equivalent.

Extra Long-Staple Cotton

<u>Total Supply - 1950-51 marketing year</u> 1/	
Carryover on August 1, 1950	61,471 bales
Estimated production, 1950 crop	63,000 bales
Estimated imports for marketing year beginning August 1, 1950	70,800 bales
Total supply, 1950-51 marketing year ...	<u>195,271</u> bales

- 1/ As determined on October 3, 1950. Figures are in running bales or equivalent.

Normal Supply - 1950-51 marketing year

Estimated domestic consumption in the marketing year beginning August 1, 1950	140,000 bales
Estimated exports for the marketing year beginning August 1, 1950	none
	<u>140,000</u> bales
Plus allowance for carryover (30 percent)	<u>42,000</u> bales
Normal supply, 1950-51 marketing year ..	<u>182,000</u> bales

Total Supply of 195,271 bales divided by Normal Supply of 182,000 bales = 107.3%

Long-staple cotton applies:

- (1) to cotton, the staple of which is 1-1/2 inches or more in length.
- (2) to extra long-staple cotton designated by the Secretary which is produced from pure strain varieties of American-Egyptian, Sea Island, or other similar types of extra long-staple cotton having characteristics needed for making high-quality thread, parachute material, etc. for which American upland cotton is not suitable, and when such varieties are produced in designated cotton-growing regions of the United States or other areas designated by the Secretary as suitable for the production of such varieties.

Amount of Quota

The amount of the quota is the number of bales required to make available a normal supply of cotton, taking into account the carryover at the beginning of the marketing year plus the estimated exports. Legislation provides, however, that the minimum national marketing quota shall be the smaller of 10,000,000 bales or 1,000,000 bales less than the estimated domestic consumption and exports for the marketing year ending in the calendar year in which the national quota is proclaimed.

Referendum

The referendum must be held not later than December 15 following the issuance of the proclamation of the quota. For cotton the referendum covers only one marketing year.

Termination or Increase in Quotas

Quotas may be terminated or increased to meet a national emergency or to meet an increase in export demand.

National Acreage Allotment

The proclamation of a national acreage allotment is mandatory whenever a national marketing quota is proclaimed. The national acreage allotment is that acreage, based on average yield per acre of cotton for five years immediately preceding the calendar year in which the marketing quota is proclaimed, required to make available a supply of cotton equal to the national marketing quota.

On October 3, 1950, it was announced that no acreage allotments would be in effect on the 1951 crop. Indications were that cotton production in 1951 should be increased to at least 16 million bales. The cotton supply situation resulted from a combination of conditions -- acreage planted to cotton in 1950 was well below the established national acreage allotment; yields were the lowest since 1946; prospective disappearance of cotton for the 1950-51 marketing year is at a high level.

State Acreage Allotment

Public Law 272, 81st Congress, specifically provided that the quota for the 1950 cotton crop was to be the number of bales required to provide a national acreage allotment of 21 million acres. The application of the provisions of Public Law 272 in establishing 1950 cotton allotments resulted in inequities and Public Law 471 was enacted to authorize, insofar as possible, action to remedy such inequities.

The statement below shows, by States, the number of allotments established and the acreage allotted under the 1950 program:

<u>State</u>	<u>No. of allotments</u>	<u>Acreage allotted</u>
Alabama	145,924	1,619,813.8
Arizona	4,113	247,585.0
Arkansas	97,806	1,965,883.0
California	12,690	645,863.4
Florida	8,912	42,631.7
Georgia	114,092	1,399,537.3
Illinois	717	4,952.6
Kansas	21	140.0
Kentucky	2,067	13,946.2
Louisiana	63,331	875,736.4

<u>State</u>	<u>No. of allotments</u>	<u>Acreage allotted</u>
Mississippi	128,358	2,306,508.9
Missouri	18,230	488,360.4
Nevada	2	110.0
New Mexico	5,525	178,556.2
North Carolina	112,748	748,796.9
Oklahoma	85,187	1,257,179.4
South Carolina	91,736	1,081,144.1
Tennessee	74,249	745,967.3
Texas	243,329	7,900,159.6
Virginia	8,664	30,903.0
Total	<u>1,217,701</u>	<u>21,553,775.2</u>

County Acreage Allotment

The State acreage allotment less the State reserve must be apportioned to counties on the same basis as to years and conditions as the national acreage allotment is apportioned to the States. The State Committee may reserve not to exceed 10 percent (15 percent if the State's 1948 planted acreage was in excess of one million acres and less than half its 1943 allotment - Oklahoma is the only State) of the State allotment for adjustments in county allotments due to trends in acreage, abnormal conditions affecting plantings, or small or new farms.

Farm Acreage Allotment

The county acreage allotment (less the county reserve) must be distributed to the farms on which cotton has been planted (or regarded as planted under Public Law 12, 79th Congress) in any one of the three years preceding the calendar year for which the allotment is established (excluding 1949 pursuant to Public Law 28, 81st Congress) on the following basis:

- (1) First, there would be allotted to each farm (a) the smaller of five acres or (b) the highest number of acres planted in any one of the previous three years;
- (2) The remainder of the county acreage allotment would be apportioned to farms other than those receiving an allotment under 1(b) above on the basis of a prescribed percentage of cropland on the farm. In computing the cropland factor certain acreages are excluded from consideration. These are the acres devoted to the production of sugarcane for sugar; sugar beets for sugar; wheat, tobacco, or rice for market; peanuts picked and threshed; wheat or rice for feeding to livestock for market; or lands determined to be devoted primarily to orchards or vineyards, and nonirrigated lands in irrigated areas.

The county committee may reserve not to exceed 15 percent of the county allotment to establish new farm allotments and to make adjustments in old farm allotments which are found to be out of line with allotments

for other similar farms. However, not less than 20 percent of the reserve must, to the extent required, be used for the purpose of increasing initial allotments to farms receiving not more than 15 acres and not less than 5 acres under other provisions of law.

The PMA county committee may establish an allotment for any cotton farm acquired in 1940 or thereafter by the United States or any governmental agency which is returned to agricultural production but is not eligible for an old farm allotment. An allotment must be established for any farm within the State owned or operated by the person from whom a cotton farm was acquired in 1940 or thereafter for any public purpose. A farm owner or operator must file an application for an allotment within three years after he acquires the farm or by August 29, 1952, whichever is the later.

Farm Marketing Quota

The farm marketing quota is the actual production from all of the acreage planted to cotton on the farm less what is called the farm marketing excess (the normal yield times the excess acres). The farm marketing excess may not exceed the difference between the actual production on the farm less the normal production of the acreage allotment.

Performance Checking

When marketing quotas are in effect, compliance with acreage allotments is mandatory. After the planting season is over, the acreage of cotton planted on every farm in the county is checked for compliance with established acreage allotments.

Existing legislation for the establishment of cotton acreage allotments calls for a very complicated method of establishing cotton acreage history for farms, counties and States for the years in which marketing quotas and acreage allotments are in effect. Keeping information on plantings on an accurate and current basis would greatly facilitate the work necessary whenever a cotton acreage allotment and marketing quota program again comes into effect. With respect to the 1951 crop a community committeeman, reporter, or other representative of the county committee will make a visit to each cotton farm to make a visual inspection of cotton acreage and to obtain from the farmer concurrence in such estimate. Approximately 5 percent of the farms will be spot checked to determine the accuracy of the estimated acreage.

Penalties

The farm marketing excess is subject to a penalty at a rate equal to 50 percent of the parity price as of June 15 of the calendar year in which the cotton is produced. Until the penalty is paid all cotton produced on the farm and marketed by the producer is subject to penalty and a lien in favor of the United States exists on the entire crop. Penalties collected during the years quotas were in effect are shown below:

<u>Marketing Year</u>	<u>Amount</u> (as of 6/30/50)
1938-1939	\$ 257,768
1939-1940	595,870
1940-1941	751,375
1941-1942	2,168,008
1942-1943	1,713,024
Total	<u>5,486,045</u>

(No estimate yet available for 1950-1951 marketing year which began August 1, 1950)

Long-staple Cotton

All cotton having a staple of 1-1/2 inches or more in length and certain extra long-staple cotton designated by the Secretary which is produced from pure strain varieties of American-Egyptian, Sea Island, or other similar types are exempt in areas designated by the Secretary from marketing quotas unless it is determined that the total supply will exceed the normal supply by more than 8 percent.

Wheat Acreage Allotment and Marketing Quota Program

Proclamation of Quota

A national marketing quota for wheat must be proclaimed (1) whenever the total supply for the marketing year beginning in that calendar year exceeds the normal supply by more than 20 percent, or (2) the total supply for the marketing year ending in that calendar year is not less than the normal supply, and the average farm price for wheat for three consecutive months during the marketing year does not exceed 66 percent of parity price. The quota may be proclaimed at any time between January 1 and July 1.

The widespread cooperation of farmers in planting within acreage allotments for the 1950 crop helped to bring supplies in line with demand. Farmers also placed a large proportion of their 1949 crop under price support loans and purchase agreements which held the prices well above the minimum of 66 percent of parity. On June 26, 1950, it was announced that, based on the June crop report, no marketing quotas would be necessary on the 1951 crop. The data on which this decision was based were as follows:

Normal supply

1. Domestic consumption, 1949-50	700,000,000 bushels
2. Estimated exports, 1950-51	325,000,000 bushels
3. Total domestic consumption and exports	
(1 + 2)	1,025,000,000 bushels
4. Normal supply (115% of 3)	1,179,000,000 bushels
5. Marketing quota level (120% of 4)	1,414,800,000 bushels
6. Total supply for 1950-51	1,395,000,000 bushels
7. Total supply as percent of normal supply	
(6 ÷ 4)	118.3%

Amount of Quota

The amount of the national marketing quota is an amount equal to a normal year's domestic consumption and exports, plus 30 percent thereof, less the estimated carryover as of the beginning of the marketing year with respect to which the quota is proclaimed and the estimated amount which will be used on farms as seed or livestock feed during the marketing year.

Termination or Increase in Quotas

Quotas may be terminated or increased if, after investigation, it is determined that such action is necessary to (1) make available, free of marketing restrictions, a normal supply of wheat, (2) meet a national emergency, or (3) meet an increase in export demand. In addition, if within 45 days after the beginning of the marketing year with respect to which a quota has been proclaimed, it is found that the total supply is

less than that specified in the original proclamation, the quota must be increased accordingly. If the July or August crop estimate of the Department indicates that the total supply as of the beginning of the marketing year is less than the normal year's domestic consumption, and exports plus 30 percent thereof, such fact must be proclaimed by the 20th of July or August, as the case may be, and quotas become ineffective.

Proclamation of Supplies

Not later than July 15 of each marketing year the total supply and the normal supply must be ascertained and proclaimed.

Referendum

Before quotas can become effective, two-thirds of wheat farmers voting in a referendum must approve quotas. All persons who have an interest in the wheat crop on the farm subject to quotas are entitled to cast a secret ballot in the referendum. PMA county committees conduct the referendum and resident wheat farmers are in charge of the polling places and supervise the voting in every community where wheat is grown.

National Acreage Allotment

The proclamation of a national acreage allotment (minimum for any year - 55,000,000 acres) is mandatory unless suspended under a national emergency. This must be done not later than July 15 for the next crop of wheat.

The national acreage allotment is that acreage which will, on the basis of the estimated average yield, produce an amount adequate, together with the estimated carryover at the beginning of the marketing year, to make available a supply for the marketing year equal to 130 percent of a normal year's domestic consumption and exports. The national acreage allotment of 72.8 million acres for the 1951 crop announced on July 14, 1950 was arrived at in the following manner:

1.	Normal year's domestic consumption (1940-49)	839,000,000 bushels
2.	Normal year's exports (1940-49)	333,000,000 "
3.	Normal year's domestic consumption and exports	1,172,000,000 "
4.	Allotment level - 130% of normal year's domestic consumption and exports	1,524,000,000 "
5.	Carryover, July 1, 1951	374,000,000 "
6.	Production needed in 1951	1,150,000,000 "
7.	National average yield, 1940-49 adjusted ..	15.8 "
8.	National acreage allotment	72.8 million acres

Determination of July 1, 1951 carryover:

1. Carryover, July 1, 1950	450,000,000 bushels
2. Production, 1950	957,000,000 "
3. Imports	- - "
4. Total supply	1,407,000,000 "
5. Domestic consumption	708,000,000 "
6. Exports	325,000,000 "
7. Total requirements	1,033,000,000 "
8. Carryover July 1, 1951 - Total supply less total requirements	374,000,000 "

The acreage allotment calculations were based on the July crop report.

State Acreage Allotment

The national acreage allotment must be apportioned to the States on the basis of the acreage seeded for production of wheat during the ten calendar years immediately preceding the calendar year in which the national acreage allotment is determined (plus in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and for trends in acreage.

The acreages allotted for 1950 and 1951 are shown below by States:

<u>State</u>	<u>1950 Crop</u> <u>(Original)</u>	<u>1950 Crop 1/</u> <u>(Revised)</u>	<u>1951 Crop(Terminated)</u> <u>(Prelim.)</u>
Alabama	15,769	17,923	16,054
Arizona	29,459	30,342	29,334
Arkansas	45,518	45,864	41,796
California	741,563	786,099	719,288
Colorado	2,272,535	2,963,378	2,855,759
Delaware	71,122	71,122	70,212
Georgia	204,755	212,499	213,074
Idaho	1,203,947	1,499,898	1,346,218
Illinois	1,608,743	1,756,808	1,679,406
Indiana	1,548,969	1,658,366	1,591,183
Iowa	280,023	327,645	304,843
Kansas	13,492,502	13,839,120	14,077,057
Kentucky	406,177	420,812	412,337
Louisiana	140	140	145
Maine	2,479	2,479	2,313
Maryland	383,257	383,448	383,412
Michigan	995,426	1,092,683	1,114,086
Minnesota	1,345,108	1,345,115	1,289,658
Mississippi	17,532	17,921	16,882
Missouri	1,558,826	1,709,323	1,686,729
Montana	4,265,806	4,664,293	4,623,633
Nebraska	3,899,835	4,193,981	4,096,359
Nevada	19,036	21,133	20,717
New Jersey	84,646	87,926	91,692

<u>State</u>	<u>1950 Crop</u> (Original)	<u>1950 Crop</u> 1/ (Revised)	<u>1951 Crop</u> (Terminated) (Prelim.)
New Mexico	520,302	573,275	540,333
New York	322,056	349,279	371,061
North Carolina .	442,407	460,298	478,108
North Dakota ...	9,495,166	9,717,814	9,805,968
Ohio	2,001,444	2,066,382	2,115,433
Oklahoma	6,015,842	6,081,134	6,347,358
Oregon	944,891	1,008,300	989,711
Pennsylvania ...	893,358	896,665	907,803
South Carolina .	218,010	218,184	225,031
South Dakota	3,523,342	3,762,611	3,709,196
Tennessee	348,592	364,862	358,722
Texas	5,909,134	6,068,356	6,263,158
Utah	318,470	406,977	372,737
Virginia	502,092	502,229	508,354
Washington	2,496,069	2,579,887	2,578,470
West Virginia ..	102,921	102,951	100,943
Wisconsin	100,295	113,507	103,782
Wyoming	296,535	354,824	326,455
Total	<u>68,944,099</u>	<u>72,775,853</u>	<u>72,784,810</u>

1/ Adjustments made in accordance with provisions of Public Law 272, 81st Congress, to take care of certain inequities.

On January 5, 1951, acreage allotments for the 1951 crop of wheat were terminated because of the need for maximum production of basic food and feed grains in the national emergency proclaimed by the President on December 16, 1950.

County Acreage Allotment

The State acreage allotment is apportioned among counties on the basis of acreage seeded for production of wheat during the ten calendar years immediately preceding the calendar year in which the national acreage allotment is determined (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs), with adjustments for abnormal weather conditions and trends in acreage during such period and for the promotion of soil-conservation practices.

Farm Acreage Allotment

The county acreage allotment is apportioned among farms on the basis of tillable acres, crop rotation practices, type of soil, and topography. PMA county and community committeemen establish for every eligible farm a usual or normal acreage of wheat under uniform regulations and instructions issued by the Secretary. The total of all usual or normal acreages for farms in each county is adjusted pro rata to come within the State acreage allotment.

Farm Marketing Quota

When marketing quotas are in effect, every wheat farm has a farm marketing quota - the actual production of the acreage planted to wheat on the farm less the farm marketing excess (the normal or actual yield, whichever is the smaller, times the excess acres). However, quotas do not apply to farms on which the acreage planted to wheat is not more than 15 acres or on which the normal production of the acreage planted to wheat is less than 200 bushels.

Performance Checking

When marketing quotas are in effect, compliance with acreage allotments is mandatory. After planting season, the PMU county and community committeemen determine the acreage of wheat planted on every farm growing wheat. This planted acreage is compared with the farm acreage allotment to establish whether the acreage of wheat grown is within or exceeds the farm acreage allotment.

Every effort has been made to streamline the procedure for performance checking in order to accomplish the work in as economical manner as possible and still obtain necessary data for historical purposes.

Marketing Cards

After performance has been checked, marketing cards are issued to identify penalty-free wheat. Marketing cards are issued to all farmers who comply with their acreage allotments and to those farmers who seeded not more than 15 acres or whose normal production of their seeded acreage is less than 200 bushels. Marketing cards are issued to farmers who exceed their acreage allotments only after they have made arrangements for handling the excess wheat by paying the penalty, by storing it in accordance with regulations or by delivering it to the Government.

Penalties

The primary object of the marketing penalty is to keep excess wheat off the market until it is needed. The rate of penalty is 50 percent of the basic loan rate applicable to cooperators. Regulations provide methods authorized by Congress whereby farmers may keep excess wheat off the market without having to pay a penalty. Until the penalty is paid or is postponed or avoided in accordance with regulations, the entire crop of wheat is subject to a lien in favor of the United States and each bushel of wheat marketed by the producer to any person within the United States is subject to a penalty payable by the buyer who may deduct the penalty from the purchase price. Wheat is regarded as marketed even though it is used on the farm.

The following penalties were collected in the years in which marketing quotas were in effect:

<u>Marketing Year</u>	<u>Amount</u>
1941-1942	\$17,932,216
1942-1943	3,175,126
Total	<u>21,107,342</u>

Job Time Table - 1951 Crop

Acreage Allotments

Proclamation - not later than July 15 for the next crop of wheat
(mandatory unless suspended under a national emergency)

Winter wheat - planted August-October 1950
harvested May-August 1951

Spring wheat - planted March-April 1951
harvested July-September 1951

Collecting, reviewing, and compiling basic data
and reconstituting farms

March-June 1950

Determining, computing, compiling, and reviewing
farm allotments and yields

April-July 1950

Preparing and mailing notices

May-August 1950

Handling appeals

July-October 1950

Measuring farms and computing acreages

October-December
1950

May-July 1951

Auditing county committee records

June-1950 - June
1951

Corn Acreage Allotment and Marketing Quota Program

Proclamation of Quota

Marketing quotas for corn must be proclaimed whenever in any calendar year it is determined that (a) the total supply for the marketing year beginning in that calendar year will exceed the normal supply by more than 20 percent, or (b) the total supply for the marketing year in that calendar year is not less than the normal supply and the average farm price for three consecutive months in the marketing year does not exceed 66 percent of parity.

On November 2, 1950, it was announced that, in order to assist in assuring abundant production of meat and other livestock products no marketing quotas would be in effect for the 1951 crop. The proclamation with respect to the 1951 corn crop was approved November 14, 1950.

Marketing Quota Calculation
(based on November Crop Report)

1. Actual domestic consumption (1949-50)	3,233,000,000 bushels
2. Adjusted domestic consumption	3,300,000,000 "
3. Estimated exports (1950-51)	115,000,000 "
4. Total consumption and exports (2 + 3)	3,415,000,000 "
5. Normal supply (110% of 4)	3,756,000,000 "
6. Marketing quota level (120% of 5)	4,507,000,000 "
7. Total supply for 1950-51	3,964,000,000 "
8. Total supply as percent of normal supply (7 ÷ 5)	105.5%

Quotas are applicable only to the commercial corn-producing area, which includes all counties in which the average production of corn (excluding corn used as silage) during the preceding ten calendar years after adjustments for abnormal weather conditions, is 450 bushels or more per farm and 4 bushels or more per acre of farmland. Marketing quotas have never been in effect on corn because supplies have never reached a level requiring proclamation of quotas.

Referendum

A referendum must be conducted within 20 days after the proclamation of marketing quotas. At least two-thirds of the farmers voting in the referendum must approve quotas before they can become effective.

Termination or Increase in Quotas

Quotas may be increased or terminated if, after investigation, it is determined that such action is necessary to (a) make available free of marketing restrictions a normal supply of corn, (b) meet a national emergency, or (c) meet an increase in export demand.

If the September crop estimate shows that the total supply as of the beginning of the next marketing year will not exceed the normal supply by more than 10 percent, such fact must be proclaimed by September 20, and quotas become ineffective.

Proclamation of Supplies

The total supply, the normal supply, and the reserve supply level of corn must be ascertained and proclaimed not later than September 1 for the marketing year beginning in the calendar year in which the proclamation is made.

National Acreage Allotment

The proclamation of acreage allotments for the commercial corn-producing area is mandatory unless suspended under national emergency. This must be done not later than February 1 of the calendar year for which the acreage allotment is determined.

The national acreage allotment is that acreage in the commercial corn-producing area which, on the basis of the average yield for the preceding 10 calendar years, adjusted for abnormal weather and trends in yield, required to produce an amount of corn, which when added to that produced outside the commercial corn-producing area or imported, will make available a supply for the marketing year equal to the normal supply.

On January 5, 1951, it was announced that no acreage allotments would be in effect on the 1951 crop of corn because of the need for maximum production of basic food and feed grains in the national emergency proclaimed by the President on December 16. Ample supplies of corn are an essential safeguard in the national defense program.

County Acreage Allotment

The national acreage allotment is apportioned among counties in the commercial corn-producing area on the basis of acreage seeded for production during the ten preceding calendar years (plus, in applicable years, the acreage diverted under previous agricultural adjustment and conservation programs) with adjustments for abnormal weather, trends in acreage, and for the promotion of soil conservation practices.

Farm Acreage Allotment

The county acreage allotment is apportioned to farms on the basis of tillable acreage, crop rotation practices, type of soil and topography.

Performance Checking

PMA county and community committeemen determine the acreage planted to corn to establish whether the acreage grown is within the farm acreage allotment.

Farm Marketing Quota

The farm marketing quota for the crop of corn is the actual production of the acreage planted to corn on the farm less the farm marketing excess (the normal or actual yield, whichever is the smaller, times the excess acres). Quotas are not applicable to any farm in the commercial corn-producing area on which the normal production of the acreage planted to corn is less than 300 bushels, or on which the acreage planted to corn does not exceed 15 acres.

Penalties

During any marketing year for which marketing quotas are in effect the producer is subject to a penalty on such excess equal to 50 percent of the basic loan rate applicable to cooperators. The penalty may be postponed or avoided by storing or delivering the excess to the Government in a manner prescribed by regulations. Corn is regarded as marketed even though it is used on the farm.

Job Time Table - 1951 Crop

Acreage Allotments

Proclaimed - not later than February 1, 1951
Planted - February-May 1951
Harvested - August-December 1951

Collecting, reviewing, and compiling basic data and reconstituting farms	July 1950 - April 1951
Determining, computing, compiling, and reviewing farm allotments and yields	October 1950 - February 1951
Preparing and mailing notices	February-March 1951
Handling appeals	March-May 1951
Measuring farms and computing acreages	June-September 1951
Auditing county committee records	June-October 1951

Rice Acreage Allotment and Marketing Quota Program

Proclamation of Quota

Quotas must be proclaimed whenever in any calendar year it is determined that the total supply of rice for the marketing year beginning in that calendar year will exceed the normal supply by more than 10 percent. The proclamation may be made at any time during the calendar year preceding the calendar year in which the crop will be produced.

On December 6, 1950, it was announced that, based on the November crop report, no marketing quotas would be necessary on the 1951 crop. The data on which this decision was based were as follows:

Total Supply

	Thousand Cwts.	1/
1. Carryover on August 1, 1950	3,692	
2. Estimated production from 1950 crop	38,302	2/
3. Estimated imports for marketing year beginning August 1, 1950	100	3/
4. Total supply for marketing year beginning August 1, 1950	42,094	

Normal Supply

5. Estimated domestic consumption for marketing year beginning August 1, 1949	23,392	
6. Estimated exports for marketing year beginning August 1, 1950	16,000	4/
7. Total of items 5 and 6	39,392	
8. Normal supply for marketing year beginning August 1, 1950 (item 7 ÷ 10%)	43,331	
9. Marketing quota level for 1951 crop (item 8 ÷ 10%)	47,664	
10. Percentage total supply is of normal supply (item 4 ÷ item 8)	97.15%	
1/ Expressed in terms of rough rice.		
2/ Includes 38,022,000 cwts. for the four major rice-producing States, as estimated by the Crop Reporting Board and 280,000 cwts. for the five minor rice-producing States (Arizona, Florida, Mississippi, Missouri, and South Carolina) as estimated by Grain Branch, PMA.		
3/ Based on assumption that emergency import controls will be retained until July 1, 1951.		
4/ Based on assumption that Government-supported export programs will be continued.		

The total supply of 42,094,000 cwts. is the second largest on record, being exceeded only by the total supply available during the 1949-50 marketing year. The carryover at the beginning of the 1950-51 marketing year would have been an all-time high had not a Government-supported export program been in operation.

Since domestic consumption of rice is relatively inelastic, no adjustment was made for current trends.

The estimate of exports includes provision for the U. S. armed forces which, for the most part, could be used for relief feeding in Japan and Korea.

Amount of Quota

The amount of the national marketing quota is an amount equal to the normal supply plus 10 percent.

Referendum

A referendum must be held within 30 days after the proclamation of marketing quotas to determine whether growers favor or oppose quotas. Quotas must be approved by at least two-thirds of eligible farmers voting in a referendum to become effective.

Termination or Increase in Quotas

Quotas may be increased or terminated if, after investigation, it is determined that such action is necessary to (a) make available free of marketing restrictions a normal supply of rice, (b) meet a national emergency, or (c) meet an increase in export demand.

National Acreage Allotment

A national acreage allotment must be proclaimed each year unless it is determined that, because of a national emergency or an increase in export demand, the effect of acreage allotments on rice would be inconsistent with the purposes of the Agricultural Adjustment Act of 1938, as amended.

On December 6, 1950, a national acreage allotment of 1,867,998 acres for the 1951 crop of rice was announced. This is an increase in acreage of 14.4 percent or 235,000 acres above 1950 plantings of 1,633,000 acres.

The national acreage allotment of 1,867,998 for the 1951 crop was arrived at in the following manner: (based on November crop report)

<u>Carryover</u>	<u>Thousand Cwts. 1/</u>
1. Total supply for marketing year beginning August 1, 1950	42,094
2. Estimated domestic consumption for market- ing year beginning August 1, 1950	23,720
3. Estimated exports for marketing year beginning August 1, 1950	16,000 2/
4. Total of items 2 and 3	39,720
5. Estimated carryover on August 1, 1951 (item 1 minus item 4)	2,374

<u>Allotment position</u>	<u>Thousand Cwts.</u>
6. Estimated domestic consumption for marketing year beginning August 1, 1950	23,720
7. Estimated exports for marketing year beginning August 1, 1951	15,000
8. Total items 6 and 7	38,720
9. Normal supply for marketing year beginning August 1, 1951 (item 8 \div 10%)	42,592
10. Production needed from 1951 crop (item 9 minus item 5)	40,218
11. Indicated acreage allotment for 1951 (item 10 \div 21.53 cwt.)	1,867,998 acres

Total Supply and Requirements

	<u>1949-50</u>	<u>1950-51</u>	<u>1951-52</u>
	(thousand cwts. <u>1/</u>)		
<u>Total supply</u>			
1. Carryover beginning of year	2,439	3,692	2,374
2. Estimated production <u>2/</u> ..	40,253	38,302	40,218 <u>4/</u>
3. Estimated imports	50	100	150 <u>5/</u>
4. Total supply	42,742	42,094	42,742
5. Total supply adjusted <u>3/</u> ..	43,252		

Requirements

6. Food and industrial	21,309	21,350	21,400
7. Feed and waste	270	270	270
8. Seed	1,813	2,100	2,000
9. Total domestic	23,392	23,720	23,670
10. Estimated exports	16,168	16,000 <u>7/</u>	15,000 <u>7/</u>
11. Total requirements	39,560	39,720	38,670
12. Carryover end of year	3,692	2,374	4,072

- 1/ Expressed in terms of rough rice.
- 2/ Includes estimated production for minor States.
- 3/ Adjusted for difference between (a) total supply and (b) actual disappearance plus stocks at end of year.
- 4/ Needed production from 1951 crop.
- 5/ Based on assumption that emergency import controls will be retained until July 1, 1951.
- 6/ Based on assumption that any imports in excess of 150,000 cwt. will result in increased exports....
- 7/ Based on assumption that Government-supported export programs will be continued.

Additional Rice Acreage Needed in 1951

	To produce requirements and build stockpile (thousand cwts.)	To produce requirements only
1. Requirements (1951-52) ...	38,670	38,670
2. Reserve for stockpiling ..	1,548	- -
3. Total production needed ..	40,218	38,670
4. Average yield per acre ...	21.53	21.53
5. Total acreage needed	1,867,998 acres	1,796,098 acres
6. Acreage planted in 1950 ...	1,633,000 acres	1,633,000 acres
7. Additional acreage needed in 1951	234,998 acres	163,098 acres

State Acreage Allotment

The national acreage allotment (less a reserve of not to exceed 1 per cent for apportionment by the Secretary pursuant to the provisions of the Agricultural Adjustment Act of 1938, as amended) must be apportioned among the several States in which rice is produced in proportion to the average number of acres of rice in each State during the five-year period immediately preceding the calendar year for which the national acreage allotment is being determined, plus in applicable years the acreage diverted under previous agricultural adjustment and conservation programs, adjusted for trends in acreage.

The acreages allotted for 1950 and 1951 are shown below by States:

State	1950 Crop	1951 Crop
Arizona	269	350
Arkansas	339,299	409,920
California	240,721	289,324
Louisiana	557,316	626,496
Mississippi	1,761	3,703
Missouri	1,296	1,441
South Carolina	783	458
Texas	451,568	531,492
Florida	- -	144
Reserve (for adjustment in farm allotments)	- -	4,670
Total	<u>1,593,013</u>	<u>1,867,998</u>

Farm Acreage Allotment

The State acreage allotment may be apportioned on a personal history basis or a farm history basis.

On a personal history basis, not less than 97 percent of the State acreage allotment is apportioned to farms owned or operated by persons who have produced rice in any one of the five calendar years preceding the year for which the apportionment is made on the basis of past production of rice, taking into consideration acreage allotments previously established for such owners and operators. Abnormal conditions affecting acreage, crop rotation practices, land, labor, and equipment available for the production of rice, and soil and other factors affecting production are also taken into consideration.

Upon recommendation by the State Committee and approval by the Secretary, the State acreage allotment may be apportioned on a farm history basis. In this case, the State allotment, less a reserve of not to exceed three percent for new farms, is first apportioned to counties on the same basis as the national allotment is apportioned to States except that not to exceed five percent may be reserved by the State Committee for making adjustments in county allotments. The county acreage allotment is apportioned to farms on which rice has been produced during one or more of the five years immediately preceding the year for which the allotment is made on the basis of the same factors used in apportioning the State acreage allotment to producers. The history of rice production on the farm and previous farm rice acreage allotments are substituted for the producer's rice production history and previous acreage allotments.

The rice program applies to all rice except that produced outside the continental United States and nonirrigated rice produced on 3 acres or less.

Performance Checking

After the planting season, PMA county and community committeemen determine the acreage planted to rice to determine compliance with acreage allotments and to obtain farm history for the current year which must be used in establishing future acreage allotments.

Penalties

Whenever farm marketing quotas (actual production on the farm less the farm marketing excess, which is the normal or actual yield, whichever is the smaller, times the excess acres) are in effect on any crop of rice, the producer is subject to a penalty on the farm marketing excess at a rate equal to 50 percent of the parity price per pound as of June 15 of the calendar year in which the rice was produced. The penalty may be postponed or avoided by keeping excess rice off the market by methods set forth in the regulations.

Job Time Table - 1951 Crop

Acreage Allotments

Proclamation - not later than December 31, 1950
Planted - April-May 1951
Harvested - August-November 1951

Collecting, reviewing, and compiling basic data and reconstituting farms	August-October 1950
Determining, computing, compiling, and reviewing farm allotments and yields	September-December 1950
Preparing and mailing notices	January-February 1951
Handling appeals	March-April 1951
Measuring farms and computing acreages	May-July 1951
Auditing county committee records	February-July 1951

SUGAR PROGRAM

Purpose Statement

The principal objective of the sugar program, carried out under the Sugar Act of 1948, is to protect the welfare of domestic producers and consumers of sugar. The attainment of this objective involves the determination of United States consumption requirements, the administration of quotas to regulate imports of sugar produced in foreign areas and marketings of sugar produced in domestic areas, and the making of payments to domestic producers of sugar beets and sugarcane.

The continental United States produces sugar from both sugar beets and sugarcane. Additional quantities of sugar are produced from sugarcane in Hawaii, Puerto Rico, and the Virgin Islands. The domestic sugar output, produced at a higher cost per unit than in foreign areas, falls far short of meeting the nation's requirements. To meet total needs, the United States must import substantial quantities of sugar from foreign areas, mainly from Cuba and the Philippines.

If unlimited quantities of sugar were permitted entry into the continental United States from Cuba, the Philippines, and other foreign areas, prices to domestic consumers under ordinary circumstances could be expected to be slightly lower. However, under the present wage standards in domestic producing areas, unlimited imports (unless accompanied by a substantially higher tariff) would place domestic producers in an extremely difficult, if not impossible, competitive position, or would force drastic wage reductions on domestic workers. Moreover, planting of other crops is not feasible in most of the domestic sugar-producing areas and the economy of these areas is dependent on sugar-producing crops.

Quotas - The Sugar Act of 1948 provides the quota system for balancing supply with demand. Under quotas, the Secretary of Agriculture, as authorized by the act, determines at the end of each calendar year the consumption requirements of the continental United States for the coming year. This determination is not necessarily final, however; it may be changed later as actual consumption requirements change. For example, in December 1949 it was determined that 1950 requirements would be 7,500,000 short tons of sugar, raw value. This quantity was increased to 7,850,000 tons on July 13, 1950, and to 8,700,000 tons on August 23, 1950.

Basic quotas for the five domestic producing areas -- domestic beet, mainland cane, Hawaii, Puerto Rico, and the Virgin Islands -- total 4,268,000 tons and for the Philippines, 982,000 tons. Additional imports to meet requirements are apportioned on the basis of 98.64 percent to Cuba and 1.36 percent to a group of other foreign countries.

Production adjustment - The Act provides that if production in any area will be greater than the quantities necessary to fill quotas and provide a normal carryover inventory, restrictive proportionate shares, expressed in acres or sugar, shall be established. A restrictive program is designed to result in the production of sugar to meet the quota and provide a normal carryover for the area. The quota for the area is divided among individual growers, and as one of the conditions for payments, production must not exceed the proportionate share.

Payments - Domestic producers of sugar beets receive conditional payments averaging about \$2.50 per ton of beets. For producers of sugarcane the payments within the various domestic producing areas range from about 30 cents to \$1.50 per ton of cane. The Sugar Act, in turn, imposes a special tax of 50 cents per hundredweight of sugar, raw value, on all manufactured sugar from sugar beets or sugarcane either produced in or brought into the continental United States.

Revenue - From the inception of the program in the 1938 fiscal year through the 1950 fiscal year, \$837,320,968 sugar taxes have been collected and expenditures were \$668,830,620.

	<u>Appropriated, 1951</u>	<u>Budget estimate, 1952</u>
Appropriated funds	\$63,750,000	\$73,300,000

(d) Sugar Act Program

Appropriation Act, 1951 and Base for 1952	\$63,750,000
Budget Estimate, 1952	73,300,000
Increase	<u>+9,550,000</u>

SUMMARY OF INCREASES, 1952

For conditional payments to sugar growers, 1950 and 1951: crop	+9,505,000
For operating expenses to conduct a survey of the supplies of sugar to be used in connection with Consumption Requirements Determination	+45,000

PROJECT STATEMENT

Project	1950	1951 (estimated)	Increases or Decreases	1952 (estimated)
1. Payments to sugar pro- ducers:				
(a) Continental beet area:	\$25,186,204	\$34,212,500	-\$2,734,100	\$31,478,400
(b) Continental cane area:	6,932,462	8,845,410	-1,258,410	7,587,000
(c) Offshore cane area:	26,395,890	19,192,090	+13,497,510	32,689,600
Total payments	58,514,556	62,250,000	+9,505,000(1)	71,755,000
2. Operating expenses	1,485,444	1,500,000	+45,000(2)	1,545,000
Total appropriation or estimate	60,000,000	63,750,000	+9,550,000	73,300,000

INCREASES

The increase of \$9,550,000 in this item for 1952 is composed of the follow-
ing:

(1) Increase of \$9,505,000 for conditional payments to sugar producers on
1950 and 1951 crops.

The production of sugar from the 1950 crop is estimated at 4,794,500
tons. Based on the statutory rates provided in the Sugar Act of 1948,
conditional payments thereunder will require a total of \$70,067,630.
The 1951 annual Appropriation Act provided only \$62,250,000. This
sum, together with \$79,274 available from the 1950 appropriation,
leaves a balance of \$7,738,356 required to meet payments due on the
1950 sugar crop.

The production of sugar from the 1951 crop is estimated at 4,431,532
tons, a decrease of 362,968 tons below the 1950 production. However,
a 4,431,532 ton crop will require payments to producers totalling
\$64,016,644, an increase of \$1,766,644 over the appropriation for
conditional payments carried in the 1951 Appropriation Act.

Thus, a total increase of \$9,505,000 is required for payments to be made from the 1952 appropriation, \$7,738,356 of which is to meet payments due on the 1950 sugar crop, and \$1,766,644 for payments on the 1951 sugar crop on which total conditional payments will exceed by that amount funds provided in the 1951 Appropriation Act for conditional payments on the 1950 crop.

The following tables indicate the source of financing and by areas the payments to growers and the number of payees under the 1950 and 1951 programs:

Program Year	Appropriation 1949	Appropriation 1950	Appropriation 1951	Budget Estimate, 1952	Total on Program Year Basis
1949 Crop Program	\$2,055,340	\$58,435,282	-	-	\$60,490,622
1950 Crop Program	-	79,274	\$62,250,000	\$7,738,356	70,067,630
1951 Crop Program	-	-	-	64,016,644	64,016,644
Total Program	-	-	-	-	-
Payments	-	58,514,556	62,250,000	71,755,000	-

VALUE OF PRODUCTION

Area of Production	1949 Crop (estimated)	1950 Crop (estimated)	1951 Crop (estimated)	Increase or Decrease 1951 Compared with 1950
Payments to sugar growers:				
Continental sugar beet area	\$27,023,544	\$34,212,500	\$31,478,400	\$-2,734,100
Continental sugar cane area	7,150,462	8,845,410	7,587,000	-1,258,410
Hawaii	8,437,619	9,899,320	10,281,084	+381,764
Puerto Rico	17,813,411	16,940,400	14,583,869	-2,356,531
Virgin Islands	65,586	170,000	86,291	-83,709
Total	60,490,622	70,067,630	64,016,644	-6,050,986

TONNAGE OF PRODUCTION

Area of Production	1949 Crop (estimated)	1950 Crop (estimated)	1951 Crop (estimated)	Increase or Decrease 1951 Compared with 1950
Continental Sugar Beet Area	1,615,000	1,955,000	1,800,000	-155,000
Continental Sugar Cane Area	520,000	577,000	500,000	-77,000
Hawaii	985,000	1,052,000	1,097,000	+45,000
Puerto Rico	1,298,574	1,200,000	1,028,532	-171,468
Virgin Islands	6,500	10,500	6,000	-4,500
Total	4,425,074	4,794,500	4,431,532	-362,968

PAYEES

Area of Production	: 1949 Crop	: 1950 Crop : (estimated)	: 1951 Crop : (estimated)
Number of Payees:	:	:	:
Continental sugar beet area:	45,772	65,000	62,500
Continental sugar cane area:	9,735	10,500	10,250
Hawaii	1,339	1,400	1,600
Puerto Rico	15,300	14,250	14,000
Virgin Islands	554	554	554
Total	72,700	91,704	88,904

2) Increase of \$45,000 for a survey of sugar supplies in connection with consumption Requirements Determinations.

Section 201 of the Sugar Act of 1948 requires that adjustments be made for inventories of sugar in developing sugar consumption requirement determinations. Currently the only sugar inventory data available for industrial users, wholesale and retail inventories result from responses to a mail survey of a small portion of such businesses. Experience has demonstrated this method to be inadequate and accordingly arrangements have been made with the Bureau of the Census to perform quarterly surveys of industrial users, wholesalers, chain store organizations and annual surveys of small wholesale and retail industrial users not included in the annual survey.

The need for accurate data on invisible supplies of sugar is always present in the administration of the Sugar Act. In 1948, the Department was required to revise its estimate downward by 600,000 short tons, almost 10 percent, reducing the original estimate of 7,800,000 tons to 7,200,000 tons. The principal reason for the high original estimate was due to lack of adequate data on these invisible stocks. In times where unusual and abnormal influences affect decisions of industrial users, wholesalers, retailers and householders, the need for current and reliable data is especially urgent. For instance, the distribution of sugar in the two months following the outbreak of hostilities in Korea exceeded that in the same period of 1949 by approximately 465,000 tons.

Basis for Estimate:

Industrial users - four quarterly mail surveys	\$10,000
Wholesalers - four quarterly mail surveys	10,000
Chain store organizations - four quarterly mail surveys	5,000
Small industrial, wholesale and retail users (not included in the quarterly surveys) - one annual personal interview survey	20,000
Total estimated cost	45,000

CHANGE IN LANGUAGE

The estimates include a proposed change in the language of the item as follows (new language underscored; deleted matter enclosed in brackets):

To enable the Secretary to carry into effect the provisions of the Sugar Act of 1948 (7 U. S. C. 1101-1160), [~~\$63,750,000~~ \$73,300,000 to remain available until June 30 of the next succeeding fiscal year: Provided, That expenditures (including transfers) from this appropriation for other than payments to sugar producers shall not exceed [~~\$1,500,000~~], \$1,545,000.

The proposed change in language increases the amount of the administrative expense limitation from \$1,500,000 to \$1,545,000 to provide for the survey of sugar supplies as proposed in the Budget estimates.

STATUS OF PROGRAM

The primary objective of the Sugar Act of 1948 is to provide domestic household and industrial consumers with adequate supplies of sugar at reasonable prices which will, at the same time, fairly and equitably maintain and protect the welfare of the domestic sugar industry. The provisions of the Act apply to the continental United States, the Territory of Hawaii, Puerto Rico, and the Virgin Islands. The Act also contains provisions regulating imports from foreign countries.

The overall objective is effectuated through the establishment and use of area quotas under which the United States market is divided among the various domestic sugar-producing areas and certain foreign sugar-producing areas which have historically supplied the domestic market. The quota provisions may be suspended by the President, by proclamation, in a national, economic, or other emergency. The suspension remains in effect until the President finds and proclaims that the facts which occasioned the suspension no longer exist.

Activities under this program include:

Estimating consumer requirements

The law provides that determination of consumer requirements for the succeeding year must be made in December and also provides for revision of the initial estimate as actual consumption requirements change. The following factors are used in determining consumer requirements:

1. Level of consumption during the preceding year.
2. Deficiency or surplus in inventories of sugar.
3. Level and trend of consumers' purchasing power.
4. Changes in population and demand conditions.
5. Relationship of wholesale refined sugar prices to the Consumers' Price Index for two periods.
 - a. The calendar year for which the consumer requirement determination is made, and
 - b. The period between January - October 1947.

Establishing area marketing quotas

Area quotas are based upon estimated consumption of sugar. The Act establishes quotas in specific amounts for the five domestic sugar-producing areas - mainland cane, domestic beet, Hawaii, Puerto Rico, and the Virgin Islands and for the Republic of the Philippines. The difference between the sum of these quotas and the amount of the consumption estimate is apportioned on the basis of 98.64 percent to Cuba and 1.36 percent to a group of other foreign countries. The Act also provides for the redistribution of quotas not used to other areas having a deficit quota when compared with production.

The initial quota for 1950 was set at 7,500,000 short tons of sugar, raw value. On July 13, 1950, this was increased to 7,850,000 tons, and on August 23, 1950, it was increased to 8,700,000 tons because of the high distribution of sugar. The 1950 supply now exceeds by 1,120,000 tons the quantity distributed in 1949. The largest quantity ever distributed domestically in any year was 8,070,000 tons in 1941 when heavy buying for stocks occurred throughout the year.

Basic area quotas, deficits, prorations of deficits, and adjusted quotas for 1950 are shown below: (as of November 17, 1950)

	Basic quotas 1/ (tons)	Deficits or prorations 2/ (tons)	Adjusted quotas (tons)
Domestic beet	1,800,000	100,000	1,900,000
Mainland cane	500,000	46,861	546,861
Hawaii	1,052,000	98,594	1,150,594
Puerto Rico	910,000	150,545	1,060,545
Virgin Islands	6,000	4,000	10,000
Philippines	982,000	(450,000)	532,000
Cuba	3,403,080	3/ 27,500	3,430,580
Other foreign coun- tries	46,920	22,500	69,420
Total	8,700,000	- -	8,700,000

- 1/ Statutory quotas provided in the Act (do not include prorations of deficits).
- 2/ Quantities in parentheses represent deficits declared for the areas shown; those not in parentheses are prorations of deficits to areas shown.
- 3/ 427,500 tons of Philippine deficit prorated to Cuba; 400,000 tons of Cuban deficit prorated to other areas.

Establishing restrictive proportionate shares

Legislation provides that if production in any area will be greater than the quantities necessary to fill quotas and provide a normal carryover inventory, restrictive proportionate shares for individual farms, expressed in acres or sugar, shall be established. A restrictive program is designed to provide a normal carryover for the area. The quota for the area is divided among individual growers, and, as one of the conditions of payment, production must not exceed the proportionate share. Restrictive proportionate shares have not been in effect since World War II but indications are that they probably will be required in the domestic beet sugar and mainland cane sugar areas and in Puerto Rico in 1952.

Establishing marketing allotments

The Act provides that marketing allotments be established for any area, if necessary, to afford each processor an opportunity to market his fair share of the area's quota and to avoid disorderly marketing.

Marketing allotment programs will probably be needed in 1951 for the sugar beet and mainland cane areas and for Puerto Rico. A marketing allotment program is in effect in Puerto Rico for 1950.

Making payments to producers

Payments are made to domestic producers of sugar cane and sugar beets who do not market in excess of specified quotas; who meet certain standards with respect to child labor; who pay wages deemed to be fair under the standards established in the Act; and, in the case of processor-producers, who pay other producers prices that are determined to be fair and reasonable by the Secretary for sugar cane and sugar beets.

The statutory base rate of payment is 80 cents per hundred pounds of sugar commercially recoverable, raw value. This rate is scaled down for farms which produce in excess of 350 tons of sugar and declines to a minimum of 30 cents per hundred pounds on that part of the farm's total production in excess of 30,000 short tons of sugar.

Legislation also provides for abandonment and deficiency payments with respect to bona fide abandonment of planted acreage and crop deficiencies of harvested acreage resulting directly from drought, flood, storm, freeze, disease, or insects which cause damage to all or a substantial part of the crop of sugar beets or sugarcane in the same local producing area.

The following table shows the total conditional payments, the abandonment and deficiency payments, and the number of payees for the 1948 and 1949 crop years:

Payments under the Sugar Act of 1948, Number of
Payees - Crop Years 1948 and 1949 1/

	Domestic : beet sugar : area :	Mainland : cane sugar : area :	Hawaii : Puerto Rico : 2/	Virgin : Islands :	Total
Payments on sugar beets or sugarcane:					
Crop Year 1948	21,828,000	6,958,000	15,500,000	66,000	51,981,000
Crop Year 1949	26,374,000	6,650,000	17,530,000	66,000	59,058,000
Abandonment and deficiency payments:					
Crop Year 1948	1,400,000	300,000	-	-	1,700,000
Crop Year 1949	650,000	500,000	150,000	-	1,300,000
Total payments:					
Crop Year 1948	23,228,000	7,258,000	15,500,000	66,000	53,681,000
Crop Year 1949	27,024,000	7,150,000	17,680,000	66,000	60,358,000
Payees:					
Crop Year 1948	46,000	10,200	1,100	500	71,800
Crop Year 1949	46,000	10,000	1,300	500	73,100

1/ Preliminary

2/ 1947-48 and 1948-49 crops

Making special determinations

Certain determinations issued by the Secretary with respect to the payment provisions of the Act must be constantly reviewed to determine whether revisions are necessary because of changes in cultivation, harvesting, and processing of sugar beets and sugarcane.

Determinations of fair and reasonable wages for persons employed in the production, cultivation, and harvesting of sugar beets and sugarcane were issued for each of the five domestic sugar producing areas. Through the application of standards set forth in the Act, wages for all areas except Puerto Rico and Hawaii were maintained at the levels established in 1947 in spite of reductions since that time in the income of producers resulting from lower sugar and molasses prices. This was made possible by lower costs to producers resulting from the use of mechanical equipment and changes in methods of production.

Hawaii--Collective bargaining agreements between producers and workers were reopened, and the basic minimum wage of 78-1/2 cents per hour for most plantations was revised upward to 80 cents. A wage-price escalator clause was also adopted under which wages increase when the average price of raw sugar exceeds \$116 per ton for a three-month payroll period.

Florida, Puerto Rico, Virgin Islands--No changes which would affect the application of wage rates were made.

Louisiana--The upper limit of the base sugar price in the modified wage scale escalator clause was lowered from \$6.25 to \$6.00 per hundred pounds of sugar. This change made wages more responsive to significant changes in sugar prices and sugar income.

California, southwestern Arizona, and southern Oregon (beet area)--Time rates of 60 cents an hour for production and cultivation work and 65 cents an hour for harvesting work were continued. Piecework rates agreed upon between the producer and the laborer were prescribed in lieu of specific piecework rates. The rates agreed upon were subject to a guarantee of earnings to workers of not less than the hourly rates which provides greater flexibility in setting rates under the varying field conditions which are typical of these regions.

Remainder of sugar beet area--Time rates in effect in 1949 were continued but the supplemental wage payments were eliminated. However, the amount of the supplemental payment for harvesting (\$2.00 per acre) was divided between hoeing and weeding rates except in the eastern area where it applies to the thinning and hoeing rates. This redistribution was made because the need for the supplemental wage payment had diminished and to encourage better quality in summer work operations. Other minor adjustments were made to reflect worker performance more accurately.

Determinations of fair and reasonable prices which apply only to those producers who are also processors and who buy sugar beets or sugarcane

from other producers were issued for the five domestic sugar-producing areas. They provide for about the same sharing relationship between processors and producers for average quality sugarcane and sugar beets as for last year. Significant changes were made in the determinations for Florida and Louisiana. Changes in the Florida determination provide for the sharing of total returns more in line with current production and manufacturing conditions while those in the Louisiana determination were made to provide an incentive to growers to deliver clean, fresh sugarcane.

Making special studies and surveys

The study of costs, returns, and related factors of the Hawaiian sugar industry initiated in April 1949, was completed. Field work on similar studies in Puerto Rico, the Virgin Islands, Florida, and Louisiana were completed during the fiscal year 1950. The basic data of these studies and an earlier one for the sugar beet area were projected to current crops for use in administering the wage and price provisions of the Act.

Other important studies initiated during the 1950 fiscal year include:

1. Surveys of labor performance in thinning and harvesting sugar beets.
2. A study of manhour requirements in harvesting sugarcane in Louisiana.
3. A study of the quality of worker performance in thinning beets.
4. A survey of the factors pertinent to the fair price determination in Puerto Rico.

Excise tax

An excise tax imposed on sugar manufactured in the United States more than offsets the expenditures for the Sugar Program.

The following statement shows the taxes collected compared with obligations under the Sugar Program.

<u>Fiscal Year</u>	<u>Sugar Tax Collections</u>	<u>Total Obligations</u>
1938	\$ 30,569,130	\$ 22,074,400
1939	65,414,058	52,460,654
1940	68,145,358	47,212,400
1941	74,834,839	47,677,678
1942	68,229,803	47,869,513
1943	53,551,777	55,638,374
1944	68,788,910	54,818,026
1945	73,293,966	52,359,899
1946	56,731,986	48,418,425
1947	59,151,922	53,343,569
1948	71,246,834	54,794,413
1949	76,174,356	71,924,278
1950	71,188,029	60,000,000
1951 (Est.)	81,000,000	63,750,000
1952 (Est.)	80,000,000	73,300,000
Total	<u>998,320,968</u>	<u>805,641,629</u>

NATIONAL SCHOOL LUNCH PROGRAM

Purpose Statement

This program, authorized by the National School Lunch Act of June 4, 1946, is designed to: (1) improve the health and well-being of the Nation's children, and (2) broaden the market for agricultural food commodities.

Federal assistance, in the form of both funds and food, is provided to States and Territories for use in serving nutritious midday meals to children attending schools of high school grades and under. To be eligible for participation in this program schools must operate their lunch rooms on a non-profit basis and must comply with minimum requirements set forth in the agreement entered into by the State educational agency and the United States Department of Agriculture.

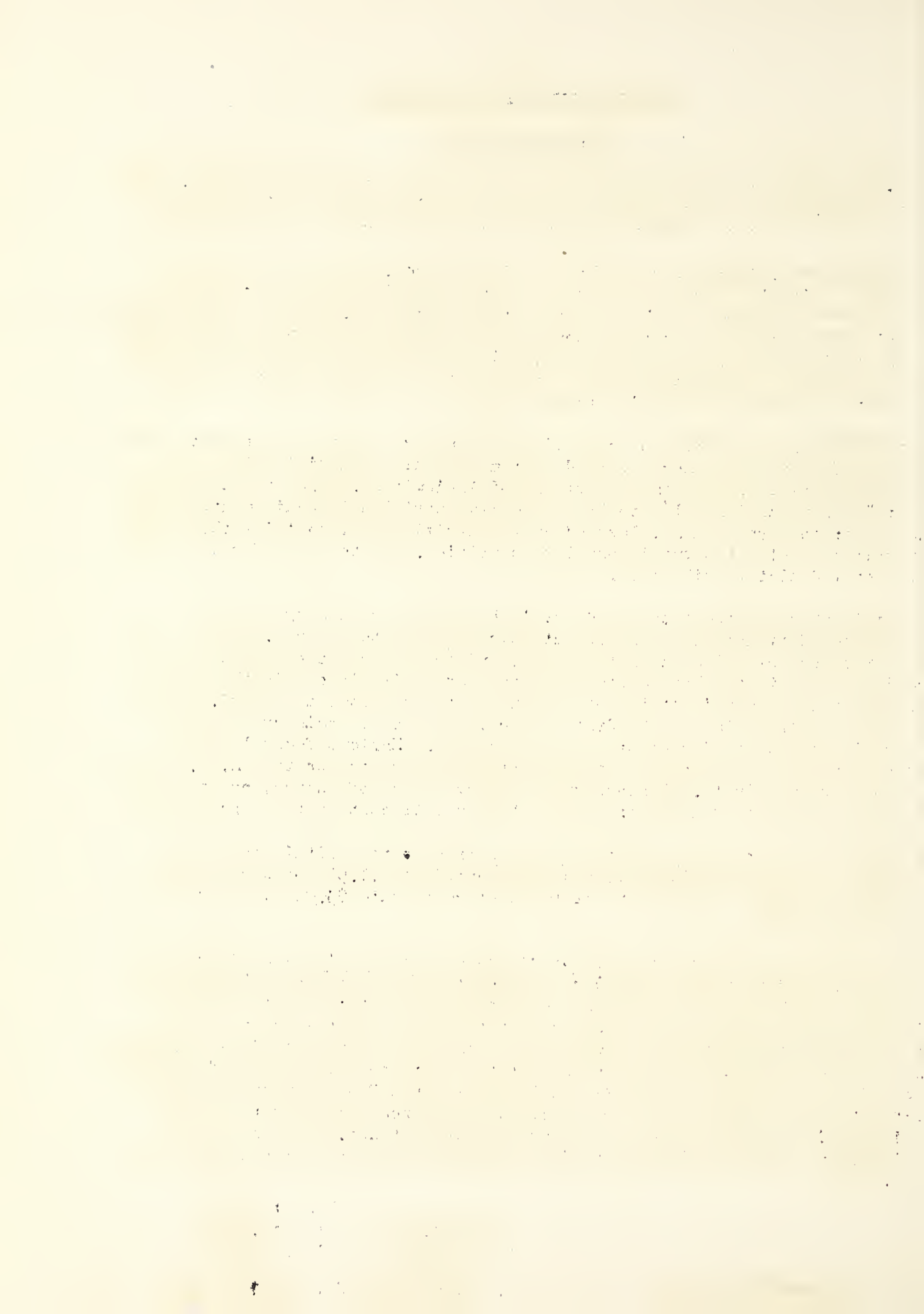
Each State must submit a plan of operation for approval of the Department by July 30 of each year. Meals served must meet minimum nutritional requirements established by the Department of Agriculture. The type A or "complete" lunch furnishes $\frac{1}{3}$ to $\frac{1}{2}$ the daily nutritional requirements of the child; the type B meal, less adequate nutritionally, contains the same nutritional elements but in smaller quantities; and the type C meal consists of $\frac{1}{2}$ pint of milk only.

Each State's share of the total funds available is determined by a formula in the National School Lunch Act which takes into account: (1) the number of school children in the State, and (2) the relation of the per capita income in the United States to the per capita income in the State. The funds are paid to the States in quarterly installments and, upon submission of claims to the State agency, schools are reimbursed for a portion of the food cost of each meal served. Maximum Federal reimbursements for meals are 9 cents, 6 cents, and 2 cents for type A, B, and C meals, respectively. Lunches must be served free of charge, or at reduced prices to children who are unable to pay full cost of the lunch.

Federal funds paid to a State must be matched from sources within the State. From 1951 through 1955, States must contribute \$1.50 for each Federal dollar. Beginning in 1956 States must contribute \$3.00 for every Federal dollar.

In addition to the cash assistance, food is purchased and distributed by the Department under authority of Section 6 of the National School Lunch Act. In making these purchases, consideration is given to: (1) the nutritional value of the foods in order that they may assist in meeting the minimum nutritional requirements, and (2) the current market situation to insure that the food purchases represent the most economical and effective use of available funds. The National School Lunch Program provides the largest single outlet for surplus commodities purchased under the authority of Section 32 of the Agricultural Adjustment Act, as amended and price support commodities under, Section 416 of the Agricultural Act of 1949.

	Appropriated, 1951	Budget estimate, 1952
Appropriated funds	\$83,500,000	\$83,500,000



(e) National School Lunch Program

Appropriation Act, 1951	\$83,500,000
Budget Estimate, 1952	<u>83,500,000</u>
Change	<u>- -</u>

PROJECT STATEMENT

Project	1950	1951 (estimated)	1952 (estimated)
1. Food assistance	\$81,950,579	\$81,875,000	\$81,875,000
2. Operating expenses.....	1,502,343	1,625,000	1,625,000
Unobligated balance	<u>47,078</u>	<u>- -</u>	<u>- -</u>
Total appropriation or estimate	<u>83,500,000</u>	<u>83,500,000</u>	<u>83,500,000</u>

STATUS OF PROGRAM

The School Lunch Program is designed to:

1. Broaden the market for agricultural food commodities by:
 - a. providing an expanded market for agricultural commodities through local purchases of food by school lunch programs in commercial channels of trade;
 - b. serving as a valuable outlet for agricultural commodities purchased by the Department to alleviate local and seasonal surpluses;
 - c. expanding the outlet for highly nutritious foods, particularly in areas of nutritional deficiencies;
 - d. introducing a wider variety of foods, thus creating a demand for commodities that many housewives would not otherwise buy.
2. Improve the health and well-being of the Nation's children by:
 - a. providing them a well-balanced lunch at school to help fill their daily nutritional requirements.

Experience indicates that children who get lunch under this program, compared with those who do not, show:

- (1) more rapid gain in weight and height
 - (2) better attendance records
 - (3) improvement in scholastic standing
 - (4) better deportment
 - (5) higher resistance to colds and other illnesses.
- b. Developing proper and nutritionally beneficial food habits which will continue in later life.

Current activity under the program includes:

1. Furnishing cash assistance to schools for food purchases by:
 - a. apportioning among the States and Territories a minimum of 75 percent of the total food assistance funds available on the basis of need as indicated by:
 - (1) State per capita income compared with United States per capita income.
 - (2) State population of children 5 to 17 years of age.

b. paying the apportioned funds to State agencies on a quarterly basis so that they can reimburse participating schools for a portion of the food cost of lunches served when the schools:

- (1) agree to operate on a nonprofit basis;
- (2) serve meals meeting minimum nutritional standards prescribed by the Secretary of Agriculture;
- (3) offer luncheon to all children attending the school and serve it free or at reduced cost to children who are unable to pay the full cost;
- (4) agree to purchase commodities designated by the Secretary of Agriculture as being in abundance.

c. paying the funds directly to participating private schools in the '29 States where State laws forbid disbursement of Federal funds by State agencies to private schools. (A proportionate share of the State's total apportionment is set aside for this purpose.)

2. Furnishing food items to schools for lunch programs by:

a. purchasing foods under Section 6 of the National School Lunch Act to help schools meet nutritional requirements most economically and by arranging distribution through approved State distributing agencies:

- (1) at a total cost not to exceed 25 percent of the food assistance funds;
- (2) on the basis of their nutritional value and acceptability;
- (3) in areas where they are most needed.

b. distributing to schools through approved State distributing agencies commodities acquired under the appropriation for removal of surplus agricultural commodities (Section 32);

c. distributing to schools, through approved State distributing agencies, commodities acquired by the Commodity Credit Corporation pursuant to Section 416 of the Agricultural Act of 1949 and Public Law 471 (81st Congress).

3. Furnishing administrative and technical assistance to State agencies and participating schools with respect to:

- a. handling of funds;
- b. purchase and storage of food;

- c. proper use of equipment;
- d. preparation and serving of meals;
- e. maintenance of records and preparation of reports.

4. Making reviews and audits by:

- a. annual audits of the records of State agencies administering the program and, with State agency's understanding, auditing records of selected schools;
- b. comprehensive administrative analyses of State agencies' operations under the program;
- c. administrative reviews in individual schools as necessary.

Examples of recent progress and trends:

The National School Lunch Program in 1950 continued to benefit an increasing number of children. School lunch operators purchased locally approximately \$181,000,000 worth of agricultural commodities - \$13,000,000 more than in 1949.

I Extent of participation, by month, as indicated by the following table, and by State, as indicated by Table I:

Participation in the National School Lunch Program
Fiscal Years 1949 and 1950 by Month

Month	Number of Schools		Number of Children	
	Fiscal Year		Fiscal Year	
	1949	1950 (Preliminary)	1949	1950 (Preliminary)
July	1,553	1,349	125,788	137,944
August	5,521	5,043	489,540	621,398
September	34,467	40,863	5,334,145	6,538,489
October	43,262	47,722	6,455,373	7,446,455
November	47,803	51,821	6,960,169*	7,802,408
December	48,874	52,781	6,895,322	7,812,068
January	49,808	53,831	6,894,979	7,813,078
February	50,226*	54,157	6,941,995	7,840,250*
March	50,155	54,303*	6,841,638	7,734,491
April	48,606	52,428	6,402,048	7,367,239
May	42,888	47,478	5,821,289	6,833,503
June	14,352	14,752	2,222,615	2,408,144
Average-Sept-June.	42,994	47,014	6,076,969	6,950,612

* Peak Month

II Quantity and Quality of Meals Served

- A. Quantity - More children in participating schools were fed nutritious lunches over a longer period of the school year judging by (1) the high participation at the outset of the school year; (2) the maintenance of this high rate throughout the school year; and (3) the increase in the total number of meals served. The total number of meals served was about 157,000,000 greater - an estimated 1,276,000,000 in 1950 as compared with about 1,119,000,000 in 1949.
- B. Quality - Number of complete meals served (Type A) increased 22.6 percent in 1950 compared with 1949, while the less nutritious meals increased 1.3 percent. In 1950, approximately 64 percent of all meals served were Type A - a complete meal furnishing 1/3 to 1/2 of one day's nutritive requirements. The increase in number of complete meals served was due, in great part, to the fact that almost \$56,000,000 worth of nutritious agricultural commodities (eggs, butter, cheese, etc.) were distributed by the Department.

III Method of Financing the Program

Estimated Funds, by Source Fiscal Years 1949 and 1950

Source	Fiscal Year				Percentage
	1949		1950		Increase
	Amount	%	Amount	%	'50 over '49
Federal Appropriation:	\$ 75,000,000	25.6	\$ 83,500,000	25.2	11.3
Source within the States:					
Payments by					
Children	158,553,000	54.1	177,336,000	53.5	11.8
State and Local					
Government ap-					
propriations ...	35,418,000	12.1	39,000,000	11.8	10.1
Other Local Contribu-					
tions	23,887,000	8.2	31,553,000	9.5	32.1
Total State Contri-					
butions	217,858,000	74.4	247,889,000	74.8	13.8
Grand Total Funds					
Available	292,858,000	100.0	331,389,000	100.0	13.2

a/ In addition, commodities valued at \$38,502,000 were distributed under the Section 32 appropriation for "Removal of Surplus Agricultural Commodities", Section 416 of the Agricultural Act of 1949, and P.L. 471 (81st Congress).

IV Benefits to Agriculture

A. Commodities utilized during 1950 in the School Lunch Program cost an estimated \$237,000,000. Of this amount \$181,000,000 was expended by schools locally - both Federal and State funds. The remaining \$56,000,000 is the estimated cost of approximately 460,000,000 pounds of commodities which the Department purchased and distributed to schools under Section 6 of the National School Lunch Act, Section 416 of the Agricultural Act of 1949, Removal of Surplus Agricultural Commodities (Section 32), and P.L. 471 (81st Congress).

B.

Section 6

Commodities (Purchased) and Distributed
to School Lunch Programs
Fiscal Year 1950

Commodity	Quantity (Pounds)	Estimated Cost
Cheese, American, Processed and Natural	14,074,124	\$ 4,997,000
Fruit, canned	58,045,059	5,861,849
Orange juice, concentrated	1,691,145	657,451
Peanut Butter	7,999,965	1,764,400
Vegetables, canned, including tomatoes and tomato paste	46,179,952	4,139,300
Total, Section 6	127,990,245	17,420,000

C.

Commodity Credit Corporation

(Section 416 of the Agricultural Act of 1949 and
Public Law 471, 81st Congress)

Commodities Distributed to School Lunch Programs
Fiscal Year 1950

Commodity	Quantity (Pounds)	Estimated Cost
Butter	1,193,216	\$ 751,726
Cheese, Natural American Cheddar	1,310,190	419,261
Eggs, dried	153,249	202,289
Milk, non-fat dry solids	348,575	45,315
Potatoes, white	26,212,800	568,818
Total, Section 416	29,218,030	1,987,409

D.

Section 32

Commodities Distributed to School Lunch Programs
Fiscal Year 1950

Commodity	Quantity (Pounds)	Estimated Cost
Apples, dried	11,101	\$1,790
Apples, Fresh	116,752,172	5,884,310
Applesauce, canned	52,805	4,409
Apricots, dried	4,058	882
Beans, fresh	625,166	37,197
Butter	13,232,605	11,851,193
Cabbage, fresh	3,295,850	108,763
Eggs, dried	4,439,042	6,420,187
Figs, dried	199,842	21,723
Grapefruit juice, canned	88,884	4,889
Honey	7,892,886	1,243,919
Milk, dried	12,493,489	2,275,064
Orange juice, concentrated	8,537	3,275
Peaches, dried	63,110	9,025
Pears, fresh	24,315,054	1,500,239
Potatoes, sweet	2,198,400	89,035
Potatoes, white	101,172,340	3,389,273
Prunes, canned	16,458	1,825
Prunes, dried	1,392,291	172,783
Prunes, fresh	1,216,962	66,081
Raisins, dried	2,475,766	218,115
Spinach, fresh	169,146	8,170
Turkeys	5,762,225	2,881,112
Total, Section 32	302,878,189	36,193,259

E. Table II shows, by States, estimated value of commodities distributed to schools in Fiscal Year 1950.

V Significant Factors Affecting Program

A. Increase in State and local contributions

1. In 1950 contributions from sources within the State increased 14 percent.
2. Plans of operation in 26 States provide for increased contributions from State and local sources in 1951.

B. Food Storage Practices Project

A Federal-State joint project to improve food storage practices in schools was begun in 1950 as a part of PMA's technical assistance to States.

C. Rate of Cash Payments

Quarterly payments to States were made on the basis of prior year participation patterns. By this means, States were able to plan their programs, by quarters, for the entire year to fit the amount of available funds.

1951 Activity:

1. Participation and number of meals served:

- a. Based on preliminary reports for the month of September, it is estimated that participation in 1951 will be about 10 percent greater than that of 1950.
- b. The number of meals served is expected to increase by about 7 or 8 percent.

2. Commodities Purchased and Distributed by the Department

During the period July 1, 1950 through November 30, 1950 more than 145,000,000 pounds of commodities valued at over \$21,000,000 were purchased by the Department and distributed to State agencies for use in school lunch programs. Foods distributed include concentrated orange juice, peanut butter, dry edible beans, cheese, dried eggs, non-fat dry milk solids, potatoes and sweet potatoes, butter, frozen turkeys, canned tomatoes and canned fruits. These commodities are intended for use in helping schools meet minimum nutritional requirements. Quantity purchased and estimated cost are shown below, by legislative authority:

<u>Legislative Authority</u>	<u>Quantity (Pounds)</u>	<u>Estimated Cost</u>
National School Lunch Act, (Section 6)	40,115,500	\$5,742,000
Removal of Surplus Agri- cultural Commodities, (Section 32)*	16,963,678	3,035,851
Agricultural Act of 1949, (Section 416)	<u>87,937,863</u>	<u>12,363,584</u>
Total	<u>145,017,041</u>	<u>\$21,141,435</u>

* - July-October

1. The first part of the paper is devoted to a discussion of the general principles of the theory of the structure of the atom.

2. In the second part, we shall consider the question of the structure of the atom in more detail, and in particular, we shall discuss the question of the structure of the nucleus.

3. The third part of the paper is devoted to a discussion of the question of the structure of the atom in more detail, and in particular, we shall discuss the question of the structure of the nucleus.

4. In the fourth part, we shall consider the question of the structure of the atom in more detail, and in particular, we shall discuss the question of the structure of the nucleus.

5. The fifth part of the paper is devoted to a discussion of the question of the structure of the atom in more detail, and in particular, we shall discuss the question of the structure of the nucleus.

6. In the sixth part, we shall consider the question of the structure of the atom in more detail, and in particular, we shall discuss the question of the structure of the nucleus.

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8. In the eighth part, we shall consider the question of the structure of the atom in more detail, and in particular, we shall discuss the question of the structure of the nucleus.

9. The ninth part of the paper is devoted to a discussion of the question of the structure of the atom in more detail, and in particular, we shall discuss the question of the structure of the nucleus.

10. In the tenth part, we shall consider the question of the structure of the atom in more detail, and in particular, we shall discuss the question of the structure of the nucleus.

11. The eleventh part of the paper is devoted to a discussion of the question of the structure of the atom in more detail, and in particular, we shall discuss the question of the structure of the nucleus.

12. In the twelfth part, we shall consider the question of the structure of the atom in more detail, and in particular, we shall discuss the question of the structure of the nucleus.

13. The thirteenth part of the paper is devoted to a discussion of the question of the structure of the atom in more detail, and in particular, we shall discuss the question of the structure of the nucleus.

14. In the fourteenth part, we shall consider the question of the structure of the atom in more detail, and in particular, we shall discuss the question of the structure of the nucleus.

15. The fifteenth part of the paper is devoted to a discussion of the question of the structure of the atom in more detail, and in particular, we shall discuss the question of the structure of the nucleus.

UNITED STATES DEPARTMENT OF AGRICULTURE
PRODUCTION AND MARKETING ADMINISTRATION

NATIONAL SCHOOL LUNCH PROGRAM

PERCENTAGE OF SCHOOLS AND CHILDREN PARTICIPATING
Fiscal Year 1950

State	Elementary and Secondary Schools			Children in Elementary and Secondary Schools		
	Total	Number	Percent	Total	Number	Percent
	Number	Participating	Participation	Enrollment	Participating	Participation
	-1-	-2-	-3-	-4-	-5-	-7-
Alabama	4,359	1,329	30.5	662,522	220,227	33.2
Arizona	534	216	40.4	131,526	39,743	30.2
Arkansas	3,792	941	24.8	411,035	140,969	34.3
California	4,746	2,342	49.3	1,691,647	413,278	24.4
Colorado	2,135	365	17.1	235,924	43,912	18.6
Connecticut	1,148	443	38.6	322,768	66,826	20.7
Delaware	273	84	30.8	51,876	15,030	29.0
District of Columbia	238	156	65.5	115,155	34,570	30.0
Florida	2,477	796	32.1	422,948	148,261	35.1
Georgia	4,368	1,415	32.4	709,979	238,645	33.6
Idaho	992	283	28.5	118,992	36,966	31.1
Illinois	10,569	2,699	25.5	1,422,554	449,941	31.6
Indiana	3,479	1,148	33.0	718,364	173,876	24.2
Iowa	8,445	1,032	12.2	517,260	144,800	28.0
Kansas	4,966	732	14.7	361,081	72,159	20.0
Kentucky	6,316	1,127	17.8	592,392	160,464	27.1
Louisiana	3,148	1,686	53.5	522,601	381,147	72.9
Maine	1,998	553	27.7	183,717	41,735	22.7
Maryland	1,325	646	48.8	367,658	99,759	27.1
Massachusetts	2,889	1,836	63.6	769,745	253,072	32.9
Michigan	6,130	2,091	34.1	1,177,058	333,668	28.3
Minnesota	6,671	1,210	18.1	557,301	187,059	33.6
Mississippi	5,186	1,117	21.5	530,469	156,945	29.6
Missouri	8,166	1,532	18.8	716,103	180,184	25.2
Montana	1,624	216	13.3	106,937	24,503	22.9
Nebraska	5,849	424	7.2	250,950	46,531	18.5
Nevada	238	63	26.5	26,334	5,496	20.9
New Hampshire	715	359	50.2	92,712	27,207	29.3
New Jersey	2,309	1,108	48.0	778,216	155,067	19.9
New Mexico	883	266	30.1	150,032	32,566	21.7
New York	8,561	2,966	34.6	2,377,957	684,280	28.8
North Carolina	4,790	1,350	28.2	855,406	289,393	33.8
North Dakota	3,780	645	17.1	124,471	33,881	27.2
Ohio	5,083	1,513	29.8	1,333,368	273,818	20.5
Oklahoma	3,603	1,546	42.9	465,944	129,763	27.8
Oregon	1,543	520	33.7	246,893	68,008	27.5
Pennsylvania	9,503	2,400	25.3	1,836,446	300,863	16.4
Rhode Island	512	216	42.2	130,775	24,930	19.1
South Carolina	3,927	1,544	39.3	464,539	180,158	38.8
South Dakota	3,788	183	4.8	124,764	16,033	12.9
Tennessee	5,506	1,957	35.5	644,025	226,143	35.1
Texas	8,515	2,409	28.3	1,353,813	322,264	23.8
Utah	521	327	62.8	145,669	53,543	36.8
Vermont	1,050	489	46.6	69,151	26,382	38.2
Virginia	4,171	1,161	27.8	578,803	176,460	30.5
Washington	1,711	819	47.9	420,279	137,979	32.8
West Virginia	4,590	1,552	33.8	432,720	112,254	25.9
Wisconsin	7,581	1,935	25.6	621,225	158,900	25.6
Wyoming	665	197	29.6	56,343	14,457	25.7
Total Cont. U. S.	185,368	51,944	28.0	26,998,447	7,554,115	28.0
Alaska	114	8	7.0	11,343	1,040	9.2
Hawaii	223	156	70.0	108,248	58,709	54.2
Puerto Rico	2,101	2,017	96.0	400,908	222,514	55.5
Virgin Islands	32	32	100.0	6,399	3,872	60.5
Total Territories	2,469	2,213	89.6	526,898	286,135	54.3
U.S. & TERRITORIES	187,837	54,157	28.8	27,525,345	7,840,250	28.5

a/Source: U. S. Office of Education. Data is for 1947-48.

b/February 1950. The number of schools or children may have been higher in some States during other months, but February was the peak month in terms of children participating nationally.

Table I:

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

Estimated Value of Commodities
Distributed to Schools
Fiscal Year 1950
(by State)

STATE	Section ^{a/} 32	Section ^{b/} 6	Section ^{c/} 416	Total
ALABAMA	\$ 1,695,850	\$ 712,625	32,384	\$ 2,440,859
ARIZONA	214,822	117,230	4,338	336,390
ARKANSAS	1,068,984	400,670	31,436	1,501,090
CALIFORNIA	1,251,653	738,104	94,608	2,084,365
COLORADO	274,527	124,323	14,310	413,160
CONNECTICUT	115,349	67,482	6,343	189,174
DELAWARE	47,772	32,227	2,057	82,056
DISTRICT OF COLUMBIA	42,285	8,453	16,154	66,892
FLORIDA	777,213	477,432	37,046	1,291,691
GEORGIA	1,217,353	764,739	30,070	2,012,162
IDAHO	203,141	101,386	1,795	306,322
ILLINOIS	1,162,303	545,108	107,797	1,815,208
INDIANA	639,242	405,798	6,227	1,051,267
IOWA	702,880	322,453	25,195	1,050,528
KANSAS	318,029	184,072	7,028	509,129
KENTUCKY	1,126,728	498,962	18,091	1,643,781
LOUISIANA	3,009,454	1,030,394	899,380	4,939,228
MAINE	125,744	51,517	22,508	199,769
MARYLAND	368,798	160,937	10,266	540,001
MASSACHUSETTS	482,612	175,581	47,926	706,119
MICHIGAN	1,019,604	359,310	69,702	1,448,616
MINNESOTA	515,299	305,420	27,088	847,807
MISSISSIPPI	957,441	498,137	1,519	1,457,097
MISSOURI	722,106	439,355	60,955	1,222,416
MONTANA	70,934	93,013	45	163,992
NEBRASKA	134,033	68,035	6,636	208,704
NEVADA	34,043	22,808	1,178	58,029
NEW HAMPSHIRE	93,456	40,007	9,706	143,169
NEW JERSEY	325,318	224,794	29,342	579,454
NEW MEXICO	574,716	95,585	5,637	675,938
NEW YORK	1,804,318	1,136,478	210,006	3,150,802
NORTH CAROLINA	1,397,711	959,710	28,611	2,386,032
NORTH DAKOTA	102,479	53,324	833	156,636
OHIO	1,597,092	685,155	53,313	2,335,560
OKLAHOMA	787,266	376,810	52,706	1,216,782
OREGON	396,954	193,809	1,539	592,302
PENNSYLVANIA	1,219,981	319,642	103,964	1,643,587
RHODE ISLAND	71,690	35,412	16,646	123,748
SOUTH CAROLINA	1,038,537	612,845	11,955	1,663,337
SOUTH DAKOTA	98,200	43,846	2,747	144,793
TENNESSEE	1,274,540	678,290	16,699	1,969,529
TEXAS	2,275,168	993,320	59,117	3,327,605
UTAH	263,835	169,084	27,723	460,642
VERMONT	120,907	41,104	4,749	166,760
VIRGINIA	1,147,263	494,054	14,824	1,656,141
WASHINGTON	582,053	261,921	34,810	878,784
WEST VIRGINIA	695,147	398,032	19,836	1,113,015
WISCONSIN	485,701	201,773	19,374	706,848
WYOMING	71,637	59,262	1,076	131,975
Continental U. S.	34,722,168	16,779,828	2,307,295	53,809,291
ALASKA	34,537	1,733	1,183	37,453
HAWAII	220,507	176,537	--	397,044
PUERTO RICO	1,187,959	447,725	--	1,635,684
VIRGIN ISLANDS	28,088	14,177	--	42,265
Total, Territories	1,471,091	640,172	1,183	2,112,446
TOTAL	36,193,259	17,420,000	2,308,478	55,921,737

^{a/} Removal of Surplus Agricultural Commodities

^{b/} National School Lunch Act

^{c/} Agricultural Act of 1949 and Sec. 3 of P.L. 471

INTERNATIONAL WHEAT AGREEMENT

Purpose Statement

The purpose of the International Wheat Agreement, which was ratified by the U. S. Senate on June 13, 1949, is to introduce an element of stability in the world wheat trade. This agreement assures supplies of wheat to importing countries and markets for wheat to exporting countries at equitable and stable prices, thus eliminating many of the hardships caused to producers and consumers by burdensome surpluses and critical shortages.

World wheat trade covered by the wheat agreement is 535 million bushels per marketing year of wheat or wheat products expressed in terms of wheat. Of this quantity, the United States guarantees to supply 218 million bushels during the fiscal year 1951 to participating nations at prices not in excess of \$1.80 per bushel Port Arthur basis. Section 2 of the International Wheat Agreement Act of 1949 required the President, acting through the Commodity Credit Corporation, to make available such quantities of wheat and wheat-flour to importing countries and at such prices as may be necessary to exercise the rights, obtain the benefits, and fulfill the obligations of the United States under the International Wheat Agreement.

The International Wheat Agreement Act of 1949 contemplates that appropriations will be made to cover the net cost to the Commodity Credit Corporation of carrying out the functions under that statute. In order that the implementation of the wheat agreement would not be impeded by delays in the making of appropriations or by the insufficiency of any appropriation made or of the payments therefrom, the Commodity Credit Corporation was expressly authorized to proceed in advance of such appropriations or payments and to utilize its corporate funds and other assets in making payments.

Pending the availability of the appropriation, the Corporation is authorized to establish the net costs of operations under the agreement as a receivable, the amount thereof for 1950 fiscal year being \$76,808,000.

Budget
estimate,
1952

Funds provided by transfer from "Removal
of Surplus Agricultural Commodities" to
reimburse CCC for 1950 fiscal year costs

\$76,808,000

(f) International Wheat Agreement

Appropriation Act, 1951	- -
Budget Estimate, 1952	\$76,808,000
Proposed transfer from "Removal of Surplus Agricultural Commodities"	-76,808,000
Change (Direct appropriation)	<u>- -</u>

Note.--Represents reimbursement to the Commodity Credit Corporation for costs incurred during fiscal year 1950.

PROJECT STATEMENT

By project or function	:Total increase : and estimate
	:
1. Program costs	: \$75,507,686
2. Interest expense	: 1,171,278
3. Administrative costs	: 129,036
Total estimate	: <u>76,808,000</u>

During the fiscal year 1950, approximately 135 million bushels of wheat and flour (wheat equivalent) were exported pursuant to the terms of the International Wheat Agreement. The cost of such exports, including administrative and interest costs, was \$76,808,000, or an average cost of 57 cents per bushel. This cost (excluding administration and interest) represents the difference between domestic market prices and the maximum wheat agreement price.

Exports from commercial stocks amounted to 66.7 million bushels while exports from CCC-owned stocks were 68.3 million bushels. (46.6 million bushels acquired under the price support program and 21.7 million bushels purchased by CCC for resale.)

Approximately 30 countries imported wheat from the United States pursuant to the terms of the agreement. Western Germany received 22 percent of the total; Netherlands, 15 percent; United Kingdom, 13 percent; Greece, 9 percent; Austria, 7 percent; Belgium, 6 percent; and all others, 28 percent.

The attached table reflects, by importing country, the quantity of wheat and flour (bushel equivalent) exported from the United States during fiscal year 1950 and the amount due CCC on such exports.

Also attached is the basis for estimating the costs for the fiscal years 1951 and 1952 pursuant to the International Wheat Agreement.

Estimated Costs for Fiscal Years, 1951 and 1952

It is estimated that during fiscal years 1951 and 1952 sales will continue to be based on the maximum Wheat Agreement price. With this assumption, it is estimated that 190 million bushels will be exported during fiscal year 1951 at a cost of \$115,900,000 and that 180 million bushels will be exported during fiscal year 1952 at a cost of \$115,200,000. In arriving at these costs, it is assumed that the domestic price of wheat will approximate the support price. Converted to an f.o.b. ocean vessel basis, weighted according to the quantities expected to be exported from the various U. S. ports, the 1951 and 1952 domestic prices are estimated to be \$2.43 and \$2.46, respectively. The weighted average price at which it is estimated wheat will be sold under the agreement is \$1.82 per bushel. This price is based on the maximum price of \$1.80 per bushel for No. 1 Manitoba Northern Wheat in store Fort William/Port Arthur, Canada, converted to an f.o.b. ocean vessel basis U. S. ports adjusted to take account of quality differences between average U. S. wheat and No. 1 Manitoba Northern Wheat. Thus, the difference between the estimated domestic market prices and the maximum wheat agreement price of \$.61 per bushel for fiscal year 1951 and \$.64 per bushel for fiscal year 1952 represents the estimated per bushel cost for Wheat Agreement operations.

It is anticipated that a request for funds required to reimburse the Commodity Credit Corporation for costs incurred in the fiscal years 1951 and 1952 will be included in the annual budget estimates for fiscal years 1953 and 1954, respectively.

LANGUAGE

The estimates include new language, as follows:

To enable the Secretary of Agriculture to make payment to the Commodity Credit Corporation for net costs incurred during the fiscal year 1950 in carrying out its functions under the International Wheat Agreement Act of 1949 (7 U.S.C. 1641-1642), there is hereby made available \$76,808,000 of the funds appropriated for the current fiscal year by Section 32 of the Act of August 24, 1935, as amended (7 U.S.C. 612(c)), such amount to be without regard to the 25 per centum limitation contained in said Section 32.

The proposed language is for the purpose of providing authority to transfer to this item \$76,808,000 of the funds appropriated under the item "Removal of surplus agricultural commodities" to enable the Secretary to make payment to the Commodity Credit Corporation for costs incurred during the fiscal year 1950 in carrying out functions under the International Wheat Agreement Act of 1949.

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration
Commodity Credit Corporation

Wheat and Flour (Bushel Equivalent) Exported From the United States Pursuant to the Terms of
the International Wheat Agreement - Fiscal Year 1950
(Oct. 27, 1949 - June 30, 1950)

Importing Country	Source of Exports (Bushels)				Amount due CCC	Average Cost per Bushel to CCC
	CCC Price Support	CCC Supply	Commercial Program	Total		
Austria	8,038,605	2,071,273	--	10,109,878	\$6,178,362	\$.61
Belgium	1,726,146	1,713,619	4,965,398	8,405,163	4,576,948	.54
Bolivia	--	--	577,429	577,429	293,728	.51
Costa Rica	--	--	71,979	71,979	40,539	.56
Cuba	--	--	1,240,544	1,240,544	648,403	.52
Denmark	--	--	904,942	904,942	565,358	.62
Dominican Republic	--	--	75,373	75,373	38,966	.52
Ecuador	--	--	378,190	378,190	188,177	.50
El Salvador	--	--	256,670	256,670	118,026	.46
Western Germany	16,986,272	12,978,418	--	29,964,690	16,960,501	.57
Greece	10,311,960	1,889,000	--	12,200,960	7,272,456	.60
Guatemala	--	--	280,336	280,336	126,153	.45
Haiti	--	--	67,901	67,901	34,332	.51
Ireland	--	927,136	1,929,281	2,856,417	1,427,922	.50
Israel	--	373,533	727,601	1,100,854	698,736	.63
Italy	4,007,151	--	4,087,651	8,094,802	4,617,147	.57
Lebanon	--	--	124,718	124,718	78,444	.63
Mexico	--	--	6,780,273	6,780,273	3,623,638	.53
Netherlands	3,431,930	1,616,895	14,779,289	19,728,114	10,779,070	.55
Nicaragua	--	--	149,207	149,207	72,521	.49
Norway	--	--	4,860,611	4,860,611	2,609,568	.54
Panama	--	--	101,858	101,858	50,762	.50
Paraguay	--	--	3,118,263	3,118,263	1,683,986	.54
Philippines	--	--	1,330,263	1,330,263	751,388	.56
Portugal	2,107,361	319,268	2,092,910	4,519,539	2,248,865	.50
Saudi Arabia	37,333	--	259,683	297,016	162,699	.55
United Kingdom	--	--	17,233,300	17,233,300	9,516,380	.55
Venezuela	--	--	297,380	297,380	144,611	.49
Total	46,646,758	21,788,942	66,751,050	135,186,750	75,507,686	.56
Administrative Cost ..	--	--	--	--	129,036	--
Interest Cost	--	--	--	--	1,171,278	--
Total	46,646,758	21,788,942	66,751,050	135,186,750	76,808,000	.57

Note: Prior to the enactment of the International Wheat Agreement Act of 1949, approximately 6 million bushels of wheat were exported with Sec. 32 funds at a cost of \$2,295,025. The cost of these exports is not reflected in the request for reimbursement to CCC.

The U. S. quota for the crop year August 1, 1949 - July 31, 1950 was 236 million bushels. Taking into account importing countries which participated less than a full year, the adjusted quota was 197 million bushels. Sales through July 31, 1950 amounted to 163 million bushels or 83 percent of the adjusted quota.

MARKETING SERVICES

Purpose Statement

The programs under this appropriation provide for a number of activities to facilitate orderly marketing of farm products. These activities are grouped into five functional categories; (1) market news service, (2) inspection, grading and classing, and standardization, (3) improvement of marketing practices, (4) freight rates for farm products, and (5) regulatory activities.

The market news service includes the collection and dissemination of timely information on movements, supplies, demand, quality, and prices of live-stock, meats, wool, fruits, vegetables, honey, peanuts, dairy products, poultry products, grain, hay, feed, seed, rice, hops, beans, cotton, cottonseed, tobacco, and naval stores.

Inspection, grading and classing, and standardization includes developing and establishing standards by which quality of agricultural commodities can be accurately judged; providing an impartial inspection, classing and grading service for farmers, dealers and others on the basis of these standards; and administration and enforcement of regulatory and criminal provisions of statutes that require the use of official U. S. Standards for cotton, cotton linters, and grain sold in interstate commerce and for tobacco sold at designated auction markets.

Improvement of marketing practices includes studies and the compilation and dissemination of information to improve marketing methods, practices, and processing techniques; and the development of basic principles for improvement of market and storage facilities.

Freight rates for farm products include assistance to farmers in obtaining and maintaining equitable transportation rates and services through the Department's participation in their behalf in formal cases before the Interstate Commerce Commission and in informal negotiations with carriers and groups of carriers.

Regulatory Activities involve the administration of the Standard Container; United States Warehouse; Federal Seed; Packers and Stockyards; Tobacco Plant and Seed Exportation; and Federal Insecticide, Fungicide, and Rodenticide Acts and the regulatory features of the Naval Stores Act. These Acts regulate various activities, however, the administration of each includes two or more of the following: (1) licensing or registration, (2) supervision of operations of licensees, (3) collection and testing of samples, and (4) handling of violations.

	<u>Estimated, 1951</u>	<u>Budget estimate, 1952</u>
Appropriated funds	\$10,828,000	\$11,396,000

MARKETING SERVICES

The Budget Estimates propose the consolidation of the six current subappropriations into a single main head appropriation item, - "Marketing Services" - with five functional financial projects. This proposal would simplify the appropriation structure and the administrative functions of the Agency and would in no way affect the nature or scope of the work being conducted. The following table compares the existing appropriation and project structure for these items with that proposed in the 1952 Budget Estimates:

PROPOSED CONSOLIDATION OF APPROPRIATION ITEMS AND REVISION OF ACTIVITY SCHEDULES
MARKETING SERVICES

(Based on amounts appropriated for 1951)

Present Structure		Proposed Structure						
		F I N A N C I A L P R O J E C T						
Appropriation Items	Total	Appropriation Item	Market News Service	Inspection, Grading and Classing, and Standardization	Improvement of Marketing Practices	Freight Rates for Farm Products	Regulatory Activities	
Financial Projects	Amount							
MARKET NEWS SERVICE	\$2,118,500							
Livestock, meats and wool	760,000		\$760,000					
Fruits and vegetables	810,250		810,250					
Dairy and poultry products	354,755		354,755					
Grain, hay, feed, seed, rice, hops and beans	108,850		108,850					
Cottonseed, naval stores, etc.	37,845		37,845					
Cold storage reports	46,800		46,800					
MARKET INSPECTION OF FARM PRODUCTS	780,000							
Inspection and certification of fresh and processed fruits and vegetables	527,540			\$527,540				
Grading and certification of dairy and poultry products	84,115			84,115				
Inspection and certification of rice, hay, beans, peas, seed, hops and miscellaneous agricultural commodities	55,805			55,805				
Grading and certification of meats and wool	66,390			66,390				
Inspection of cottonseed	35,450			35,450				
Grading and certification of liquid sugar, sirups and molasses	10,700			10,700				
MARKETING FARM PRODUCTS	1,260,000							
Standardization and marketing research on								
Fresh and processed fruits and vegetables	121,200			66,400	\$54,800			
Livestock, meats and wool	110,550		18,100	80,450	12,000			
Dairy and poultry products	137,050			74,100	62,950			
Grain, rice, beans, peas, hay, seed and hops	145,050			145,050				
Cotton and cottonseed	450,200			243,100	207,100			
Liquid sugar, sirups and molasses	10,800			10,800				
Research on transportation, packing and packaging	12,850				12,850			
Freight rates for farm products	198,000					\$198,000		
Obtaining adequate market storage and transportation facilities ...	54,800				54,800			
Food production and marketing assistance	19,500				19,500			
TOBACCO ACTS	1,660,500							
Inspection and certification	1,451,200			1,451,200				
Technical assistance to producers in preparing tobacco for market .	58,000			58,000				
Market News	112,300		112,300					
Stocks statistics, grade standards and export permits	39,000		19,700	18,200				\$1,100
COTTON ACTS	1,675,000							
Classing services	1,103,800			1,103,800				
Preparation and distribution of standards	247,900			247,900				
Market information and quality statistics	323,300		323,300					
MARKETING REGULATORY ACTS	3,495,000							
Perishable Agricultural Commodities, Produce Agency, and Standard Container Acts	306,700							306,700
U. S. Grain Standards Act	1,198,100			1,198,100				
U. S. Warehouse Act	625,000							625,000
Federal Seed Act	178,800							178,800
Packers and Stockyards Act	642,200							642,200
Naval Stores Act	39,700			30,900				8,800
Insecticide Act	504,500							504,500
Total Appropriation	\$10,989,000	\$10,989,000	\$2,591,900	\$5,508,000	\$424,000	\$198,000	\$2,267,100	

(g) Marketing Services

Appropriation Act, 1951 (Adjusted - see proposed structure, page 128)	\$10,989,000
Reduction pursuant to Section 1214	-10,000
Transfer to Perishable Agricultural Commodities Act fund pursuant to P.L. 554	-150,000
Transfer from "Removal of Surplus Agricultural Commodities, Department of Agriculture" for cotton classing activities in 1951.....	a/ 316,500
Activities transferred in 1952 Estimates to "Salaries and expenses, Office of Information" for distribution of motion pictures.....	-1,000
Base for 1952.....	11,144,500
Budget Estimate, 1952.....	11,396,000
Increase.....	<u>b/ 251,500</u>

a/ In addition \$133,500 was transferred, within this appropriation, from Marketing Regulatory Acts (Perishable Agricultural Commodities, etc. Acts) for cotton classing activities.

b/ On a direct appropriation basis, represents an increase of \$568,000 due to the availability in fiscal year 1951 of \$316,500 for Cotton Classing Activities, by transfer pursuant to the Department's interchange authority.

SUMMARY OF INCREASES AND DECREASES, 1952
(On basis of available funds)

For classing of cotton for producer members of cotton quality improvement groups.....	250,000
For handling the increased volume of appeals from grades established by licensed inspectors under the U. S. Grains Standards Act	54,500
For providing the minimum level of effective enforcement of the interstate provisions of the Federal Seed Act.....	50,000
To provide for more adequate enforcement of the Insecticide, Fungicide, and Rodenticide Act.....	50,000
Decrease due to providing a direct appropriation to the General Services Administration for certain procurement and leasing costs previously paid from this appropriation.....	-153,000

PROJECT STATEMENT

(on basis of available funds)

Project	1950	1951 (estimated)	Increase or Decrease		1952 (estimated)
			GSA Adjustment	Other	
1. Market news service	\$2,425,127	\$2,591,900	-\$31,870	- -	\$2,560,030
(a) Cold storage reports	(42,370)	(46,445)	(-35)	- -	(46,410)
(b) Cotton and cottonseed ..	(350,916)	(344,185)	(-17,160)	- -	(327,025)
(c) Dairy and poultry products	(273,660)	(305,207)	(-1,930)	- -	(303,277)
(d) Fruits and vegetables ..	(652,106)	(727,100)	(-8,505)	- -	(718,595)
(e) Grain, Hay, feed, etc. ...	(85,542)	(95,765)	(-350)	- -	(95,415)
(f) Leased wire services	(230,012)	(232,923)	(-115)	- -	(232,808)
(g) Livestock, meats & wool	(651,431)	(696,275)	(-3,335)	- -	(692,940)
(h) Naval stores	- -	(12,000)	(-15)	- -	(11,985)
(i) Tobacco	(139,090)	(132,000)	(-425)	- -	(131,575)
2. Inspection, grading and classing, and standardization	5,326,873	5,958,000	-115,640	+304,500(1)	6,146,860
(a) Cotton and cottonseed ..	(1,628,193)	(2,080,250)	(-86,640)	(+250,000)	(2,243,610)
(b) Dairy and poultry products	(142,705)	(158,215)	- -	- -	(158,215)
(c) Fruits and vegetables ..	(539,391)	(593,940)	(-8,200)	- -	(585,740)
(d) Grain (includes U. S. Grain Standards Act)....	(1,252,876)	(1,306,275)	(-13,475)	(+54,500)	(1,347,300)
(e) Livestock, meats & wool	(129,722)	(146,840)	(-100)	- -	(146,740)
(f) Naval stores	(30,938)	(30,900)	(-40)	- -	(30,860)
(g) Rice, hay, beans, etc. ..	(85,783)	(92,680)	(-85)	- -	(92,595)
(h) Liquid Sugar, sirups and molasses	- -	(21,500)	- -	- -	(21,500)
(i) Tobacco	(1,517,265)	(1,527,400)	(-7,100)	- -	(1,520,300)

(Continued on next page)

Project	1950	1951 :(estimated)	Increase or Decrease		1952 :(estimated)
			GSA Adjustment	Other	
3. Improvement of marketing practices	479,969	423,000	-300	- -	422,700
(a) Cotton and cottonseed ..	(210,136)	(207,000)	(-255)	(+2,315)	(209,060)
(b) Dairy and poultry products	(80,287)	(66,380)	(-5)	(+755)	(67,130)
(c) Fats and oils:	(10,258)	(2,320)	- -	(-2,320)	- -
(d) Fruits and vegetables ..	(55,728)	(59,665)	(-10)	(+660)	(60,315)
(e) Grain and grain products	(28,851)	(2,400)	- -	(-2,400)	- -
(f) Livestock, meats and wool	(24,338)	(17,585)	(-5)	(+235)	(17,815)
(g) Market, storage and transportation facilities ...	(70,371)	(67,650)	(-25)	(+755)	(68,380)
4. Freight rates for farm products	178,684	198,000	-300	- -	197,700
5. Regulatory Activities	1,983,787	1,973,600	-4,890	+100,000(2)	2,068,710
(a) Federal Seed Act	(165,451)	(178,800)	(-400)	(+50,000)	(228,400)
(b) Insecticide Act	(521,301)	(504,500)	(-600)	(+50,000)	(553,900)
(c) Naval stores and tobacco export permits	(10,955)	(9,900)	(-10)	- -	(9,890)
(d) Packers and Stockyards Act	(640,919)	(642,200)	(-220)	- -	(641,980)
(e) Standard Container Acts	(12,653)	(13,200)	(-10)	- -	(13,190)
(f) United States Warehouse Act:	(632,508)	(625,000)	(-3,650)	- -	(621,350)
Unobligated Balance	174,411	- -	- -	- -	- -
Total available or estimate ..	10,568,851	11,144,500	-153,000	+404,500	11,396,000

(Continued on next page)

Project	1950	1951 (estimated)
Transfer in 1952		
Estimates to		
"Salaries and ex-		
penses, Office of		
Information"	+139	+1,000
Transferred from:		
"Removal of sur-		
plus agricultural		
commodities, De-		
partment of		
Agriculture"	-166,735	-316,500
"Supply and dis-		
tribution of farm		
labor, Department		
of Agriculture" :	-193,700	- -
Transferred to:		
"Perishable Agri-		
cultural Com-		
modities Act		
fund"	- -	+150,000
Transfer in 1951		
estimates from:		
"Research and		
Marketing Act of		
1946, Department		
of Agriculture" .:	-65,164	- -
Transfer in 1951		
estimates to:		
"Salaries and ex-		
penses, Human Nu-		
trition and Home		
Economics, Agri-		
cultural Research:		
Administration" .:	+27,199	- -
"Perishable Agri-		
cultural Commodi-		
ties Act fund" ..:	+297,910	- -
Reduction pursuant		
to Section 1214 .:	- -	+10,000
Total Appropriation		
or estimate	10,468,500	10,989,000

INCREASES

- (1) An increase of \$304,500 under the project "Inspection, grading and classing, and standardization", as follows:

- (a) an increase of \$250,000 to provide for classing of cotton for producer members of cotton quality improvement groups.

Need for Increase: Since the 1939-40 cotton season, the Commodity Credit Corporation has borne a share of classing costs when cotton was being placed under CCC loans in volume. This was done in two ways in 1950, as follows: (1) Under the authority contained in the Agricultural Appropriation Act, 1950, the CCC advanced, from the general funds of the Corporation, an amount estimated to be required to pay the cost of free classing of cotton under the Smith-Doxey Act for producers who received CCC price support on their cotton. (2) the CCC advanced, from the general funds of the Corporation, an amount estimated to represent the cost of classing cotton tendered for price support loans by producers not receiving Smith-Doxey classing. CCC was then reimbursed from fees charged producers for the classing service.

When the 1951 Budget was submitted it was estimated that the volume of 1950 crop cotton to be placed under price support loans would be such as to result in the advance of enough funds for "price support - Smith-Doxey" cotton which together with other funds available therefore, would be adequate for all mandatory classing requirements.

Although classing requirements were not affected by the increased demand for cotton, price support loans fell off precipitously, thus practically eliminating the advance of funds from CCC for cotton classing. This had the effect of shifting to the cotton classing appropriation the cost of classing cotton which otherwise would have gone under CCC loan. As a result, the funds appropriated for cotton classing services in 1951 were not adequate to carry the total workload. In view of the emergency thus created, it became necessary to transfer funds under the interchange authority contained in the Department of Agricultural Organic Act of 1944 in order to provide the mandatory cotton classing service .

A crop of 16 million bales of cotton is expected in 1952, as compared with 9.8 million bales in 1951. Of this amount, it is estimated that 10.5 million bales will be classed under the Smith-Doxey Act - an increase of 4.5 million bales over 1951. It is expected that demand will continue to be at such a high level that only 2.2 million bales of the 1951 cotton crop will be placed under price support loans. Although the use of some CCC funds for this activity in 1952 can be justified, such amount together with the amount of the current appropriation will be insufficient to meet the estimated demand for the classing of cotton in 1952. The following tables summarize the Department's

total cotton classing activities, and the method of financing for the fiscal years 1950, 1951 and 1952:

Volume of Cotton Classed

	1950	1951 (est.)	1952 (est.)
Smith-Doxey.....	10,355,955	6,000,000	10,500,000
All Other.....	3,273,329	1,675,000	2,525,000
Total.....	13,629,284	7,675,000	13,025,000

Obligations for Cotton Classing

Source of Funds	1950	1951 (Est.)	1952 (Est.)
Marketing Services:			
appropriation....	1,117,919	1,553,800 ^{1/3}	1,803,800
Transfer to Mar-			
keting Services			
from CCC ^{1/}	605,000	-	270,000
Trust Fund "Grad-			
ing Agricultural			
Commodities for			
CCC".....	257,116	-	30,000
Reimbursements ^{2/} ..	133,532	85,000	85,000
Total.....	2,113,567	1,638,800	2,188,800

^{1/} Under authority included in the Agriculture Appropriation Act, 1950.

^{2/} For classing performed for the Atlanta Federal Penitentiary and EC.

^{3/} Includes \$316,500 transferred from "Removal of surplus agricultural commodities" pursuant to the Department's interchange authority.

There is a slight decrease in the estimated volume of cotton to be classed in 1952, as compared with 1950, while the cost of this work is estimated to be slightly higher in 1952. This situation is due, in most part, to two factors: (1) Increased salary costs under Public Law 429 in effect for only a part of fiscal year 1950, will have to be paid on a full year basis in 1952. (2) It is expected that there will be a large increase in cotton production in the Southwest in the 1952 fiscal year. As it is not possible to secure the number of qualified classers in the Southwest producing area necessary to handle the work in that area, classers from the Southern area will have to be detailed to the southwest offices at additional cost.

Plan of Work: It is necessary to maintain a minimum number of offices and basic staff in order to provide prompt classing services to producers. In addition to the full-time employees it is necessary to employ classers during the peak of the cotton classing season. In order to secure qualified classers, it is necessary to offer them a reasonable period of employment. If additional funds are not made available it will be necessary to deny producers classing services guaranteed to them by law.

- (b) An increase of \$54,500 to handle the increased volume of appeals from grades established by licensed inspectors under the U. S. Grain Standards Act.

Need for Increase: The Grain Standards Act requires that any person selling grain by grade in interstate or foreign commerce must have the grain inspected and graded by an inspector licensed by the Department if the grain moves from or to an inspection point. In September 1950, there were 149 such inspection points at which 495 licensees were located, together with their samplers and other assistants. The Department must supervise the grading performed by licensed inspectors to assure reasonable accuracy and uniformity in grading. The Department must also handle appeals since the Act provides that after inspection by a licensed grain inspector any interested party may appeal to the Department for the determination of the true grade. This requires the Department to secure a representative sample from the lot of grain, determine the grade and issue a Federal grade appeal certificate.

During the past four years, there has been a steady increase in the number of licensees, inspection points, appeals, Board appeals, and fees collected. Since 1947, the number of licensed inspectors increased 13 percent from 438 to 495, inspection points increased 7 percent from 139 to 149, appeals handled by district offices increased 58% from 46,640 to 73,743, and the number of Board appeals more than doubled from 462 to 1,098. Fees collected for handling appeals and deposited in the Treasury as miscellaneous receipts increased 184 percent from \$59,437 to \$168,694. During the same 4-year period, the number of Federal employees decreased 8% from 263 to 242.

The decrease in Federal personnel and the increase in the number of licensees, inspection points, and appeals has created a serious problem. During 1950 approximately 20,000 appeals requested could not be handled because of lack of personnel. Every effort has been made to keep the denial of the appeal privilege to a minimum by shifting personnel wherever possible to points where the work load is heaviest, but the number of personnel now available is so thinly scattered that very little shifting is possible.

The increase in the number of inspection points and the number of inspectors has materially increased the work of supervising these inspectors. The total number of inspections has remained about constant at over 2,000,000 per year for the past five years. Federal personnel are stationed in 35 districts which must cover the 149 inspection points, over 100 of which are located in cities other than those in which Federal offices are located. More time should be spent by the Federal men at these other inspection points.

Plan of Work: The requested increase would be used in most part to increase the number of appeals that can be handled. Fourteen additional grain inspection supervisors, who handle appeals would be divided among those offices which are presently most seriously undermanned. The increase would also permit some additional travel required to more adequately supervise inspectors in cities in which Federal offices are not located.

(2) Increase of \$100,000 under the Project "Regulatory Activities" composed of:

- (a) An increase of \$50,000 to provide for more effective enforcement of the interstate provisions of the Federal Seed Act.

Need for Increase: The mandatory testing of samples of seed offered for importation and the necessary formal actions resulting from this activity have more than doubled between 1946 and 1950. This increase in import work has required serious reductions in other activities under the Act. The necessity for testing samples of seed offered for importation has left so few employees handling the interstate work that many samples, which should have been tested to determine compliance with the interstate provisions of the Act, have been discarded without test. Also, germination tests on import samples were not carried to normal completion in order to save time whenever it was found by a partial test that the seed met minimum import requirements. Importers complained bitterly of this practice because the usual information regarding complete germination and purity could not be made available to them. In spite of various short-cuts in methods resorted to, tests of imports required under the Act were delayed several times during the year for as long as two weeks. The American seed trade has complained of these delays on several occasions.

Complaints of violations of the interstate provisions of the Federal Seed Act approximately doubled between 1946 and 1948, and then declined because investigations could not be made promptly. A strenuous effort has been made to bring serious violations to the attention of the courts for appropriate action, but during the last year three cases were refused consideration in court because of the lapse of time since the violations had occurred. Investigations completed in 1950 dropped 33 percent from those in 1949. The far-reaching effect of this decrease is revealed in the fact that during the fiscal year 1950, 32 States referred to the Production and Marketing Administration for investigation cases of alleged interstate violations which originated in 42 of the 48 States. Twenty-seven percent of these cases involved false labeling as to germination and 25% involved the presence of noxious-weed seeds - both factors of vital importance to the planter of the seed. In December 1949, at a National meeting of seed control officials, a resolution was unanimously approved urging the allotment of more funds for interstate enforcement activities.

It has been necessary to decrease the testing of samples from interstate commerce to determine whether labeling as to variety was correct, from approximately 2,000 samples in 1946 to less than 100 in 1950. It has also been necessary to curtail the preparation of lists of recognized variety names. Such lists are needed for the guidance of persons whose activities are subject to the Federal Seed Act.

All 48 States are cooperating with the Department in enforcing the interstate provisions of the Act. The State seed officials sample and test seed offered for sale or shipped into their respective States to determine compliance with State seed laws. When they believe there has been a violation of the Federal Act, they send to the nearest Federal Seed office the facts which have been gathered, including the results of the State tests and samples of the seed. This means additional work and expense for the State, but the State considers it worthwhile because in a great many instances the Federal Act, working in conjunction with the State Act, can more effectively stop undesirable practices in seed marketing than can the State Act alone. The States cannot be expected to continue this cooperation if the Department fails to carry out its function of promptly following up suspected violations reported by State seed officials.

Failure to enforce the Act at a level which will assure compliance with its requirements subjects farmers to careless or unscrupulous dealers and places the ethical dealers at a decided competitive disadvantage. In addition, inadequate enforcement results in substantial financial losses to farmers as well as loss of potential production of essential food and fiber.

Plan of Work: The requested increase would be used to more effectively administer the interstate provisions of the Act and reduce the delays in the mandatory import work. For this purpose, it is planned to place six seed technologists at the Beltsville, Maryland laboratories, and to place three seed technologists in the midwest laboratories.

- (b) an increase of \$50,000 to provide for more effective enforcement activities under the Insecticide, Fungicide, and Rodenticide Act.

Need for Increase: The Insecticide, Fungicide, and Rodenticide Act includes the mandatory requirement that all economic poisons sold in interstate commerce be registered by the Department. Such registration, to be meaningful, must be made only after a careful time-consuming check has been made by trained technical personnel to determine compliance with the Act.

When the Act was passed, the Department estimated that there were about 25,000 products on the market which would have to be registered immediately, and that thereafter introduction of new products, new formulations and new labeling would require about 12,000 registrations per year. Estimates of fund requirements were based on this anticipated work load. However, the introduction of new chemicals for economic poison uses has proceeded at a higher rate than expected. As a result, the total number of submissions and re-submissions of labels during both 1949 and 1950 has exceeded 20,000. Indications are that this trend will continue. In addition, problems involved in determining necessary directions for use and adequate warnings to prevent injury to humans have been more difficult than anticipated. Such recent discoveries as the appearance of DDT in milk and in flesh of treated animals, the seriously toxic effect of lindane on young animals, and questions which have been raised as to the safety of chlordane and thio-carbamate fungicides for some purposes have caused much additional work.

The unanticipated high level of mandatory registration work has been handled at the expense of proper enforcement work. In 1950 only 2,221 samples were collected in interstate commerce for the purpose of determining compliance with the Act. This is fewer samples than were collected in 1947 under the old Insecticide Act of 1910, which covered far fewer economic poisons. Of the samples collected in 1950, over 20% were in violation of the Act, and 67 were in such serious violation that seizure action was taken. This number of seizures in one year is unprecedented. Farmers have suffered serious financial losses and the Nation has lost potential production of food and fiber due to the use of poisons that were ineffective or damaging to crops and livestock. In one instance during the past year, the use of an illegal insecticide that contained 2-4-D, a herbicide, practically destroyed 250 acres of cotton on one plantation, and resulted in serious damage to others. The loss, while not yet fully evaluated, is believed to be at least \$100,000, equivalent to 500 bales of cotton.

Plan of Work: The increase would provide needed additional technical personnel, including two chemists, a pharmacologist, and an entomologist, and necessary travel, laboratory supplies and equipment to analyze samples of economic poisons collected in interstate commerce to determine compliance with the Act.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For expenses necessary for acquiring and diffusing market information on agricultural commodities, food products and by-products, the standardization, classification, grading, handling, storage and marketing thereof, including the demonstration and promotion of the use of uniform standards of classification of American farm and food products throughout the world, the analysis of cotton fiber, the classing of cotton for producer members of cotton quality improvement groups, the establishment of classification standards and maintenance of an inspection service for tobacco (7 U.S.C. 471-476, 501-508, 511-511g); for investigating and certifying, in one or more jurisdictions, to shippers and other interested parties the class, quality, and condition of any agricultural commodity or food product, whether raw or processed, and any product containing an agricultural commodity or derivative thereof when offered for interstate shipment or when received at such important central markets as the Secretary may from time to time designate, or at points which may be conveniently reached therefrom under such rules and regulations as he may prescribe, including the collection of such fees as are reasonable and as nearly as may cover the cost of the service rendered; for performing the duties imposed upon the Secretary by chapter 14 of the Internal Revenue Code relating to cotton futures (26 U.S.C. 1920-1935); and for carrying into effect the United States Cotton Standards Act (7 U.S.C. 51-65), the United States Grain Standards Act (7 U.S.C. 71-87), the Naval Stores Act (7 U.S.C. 91-99), section 201 (a) to 201 (d), inclusive, of title II of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1291), including not to exceed \$25,000 for employment at rates not to exceed \$100 per diem, pursuant to the second sentence of section 706(a), of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), the Acts to provide standards for containers for fruits and vegetables (15 U.S.C. 251-257i), the United States Warehouse Act (7 U.S.C. 241-273), the Federal Seed Act (7 U.S.C. 1551-1610), the Packers and Stockyards Act (7 U.S.C. 181-229), the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 135-135k), and the Tobacco Plant and Seed Exportation Act (7 U.S.C. 516), \$11,396,000.

[For expenses necessary in conducting investigations, experiments, and demonstrations, as follows:]

[Market news service: For collecting, publishing, and distributing, by telegraph, mail, or otherwise, timely information on the market supply and demand, commercial movement, location, disposition, quality, condition, and market prices of livestock, meats, fish, and animal products, dairy and poultry products

(including broilers), fruits and vegetables, peanuts and their products, grain, hay, feeds, cottonseed, and seeds, and other agricultural products, \$2,118,500.]

[Market inspection of farm products: For the investigation and certification, in one or more jurisdictions, to shippers and other interested parties of the class, quality, and condition of any agricultural commodity or food product, whether raw, dried, canned, or otherwise processed, and any product containing an agricultural commodity or derivative thereof when offered for interstate shipment or when received at such important central markets as the Secretary may from time to time designate, or at points which may be conveniently reached therefrom under such rules and regulations as he may prescribe, including payment of such fees as will be reasonable and as nearly as may be to cover the cost for the service rendered, \$780,000.]

[Marketing farm products: For acquiring and diffusing among the people of the United States useful information relative to the needed supplies, standardization, classification, grading, preparation for market, handling, transportation, storage, and marketing of farm and food products, including the demonstration and promotion of the use of uniform standards of classification of American farm and food products throughout the world, for making analyses of cotton fiber as provided by the Act of April 7, 1941 (7 U.S.C. 473d), for carrying out the provisions of section 201(a) to 201(d), inclusive, of title II of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1291), including not to exceed \$25,000 for employment at rates not to exceed \$100 per diem, pursuant to the second sentence of section 706(a), of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), and not to exceed \$20,000 for transportation and other necessary expenses including not to exceed \$10 per diem of persons serving without compensation while away from their homes or regular places of business, \$1,260,000: Provided, That the Secretary may make available to any bureau, office, or agency of the Department such amounts from this appropriation as may be necessary to carry out the functions for which this appropriation is made, and any such amounts shall be in addition to amounts transferred or otherwise made available to appropriation items in this Act.]

[Tobacco Acts: To carry into effect the provisions of the Act to establish and promote the use of standards of classification for tobacco, to provide and maintain an official tobacco-inspection service, approved August 23, 1935 (7 U.S.C. 511-511q), the Act to provide for the collection and publication of statistics of tobacco by the Department, approved January 14, 1929 (7 U.S.C. 501-508), as amended, and the Act to prohibit the exportation of tobacco seed and plants, approved June 5, 1940 (7 U.S.C. 516), \$1,660,500.]

[Cotton Statistics, Classing, Standards and Futures Acts: To carry into effect the provisions of the Act authorizing the Secretary to collect and publish statistics of the grade and staple length of cotton, approved March 3, 1927, as amended by the Act of April 13, 1937 (7 U.S.C. 471-476), and to perform the duties imposed upon him by chapter 14 of the Internal Revenue Code relating to cotton futures (26 U.S.C. 1920-1935), and to carry into effect the provisions of the United States Cotton Standards Act, approved March 4, 1923, as amended (7 U.S.C. 51-65), \$1,675,000.]

[Marketing regulatory Acts: For expenses necessary to carry into effect the provisions of the Perishable Agricultural Commodities Act, as amended (7 U.S.C. 499a-499r), the Act to prevent the destruction or dumping of farm produce (7 U.S.C. 491-497), the Act to provide standards for baskets and containers for fruits and vegetables, as amended (15 U.S.C. 251-256), the Act to fix standards for hampers, round stave baskets, and splint baskets for fruits and vegetables (15 U.S.C. 257-257i), the Act to provide export standards for apples and pears (7 U.S.C. 581-589), the United States Grain Standards Act (7 U.S.C. 71-87), the United States Warehouse Act (7 U.S.C. 241-273), the Federal Seed Act (7 U.S.C. 1551-1610), the Packers and Stockyards Act, as amended (7 U.S.C. 181-229), the Naval Stores Act (7 U.S.C. 91-99), and the Federal Insecticide, Fungicide, and Rodenticide Act (7 U.S.C. 135-135k), \$3,495,000.]

The change in language proposes the consolidation of six subappropriation items into a new single mainhead appropriation item "Marketing services", as follows:

<u>Present</u> (subappropriations)	<u>Proposed</u> (Mainhead appropriation)
1. Market news service) 2. Market inspection of farm products) 3. Marketing farm products) 4. Tobacco Acts) 5. Cotton Statistics, Classing,) Standards, and Futures Acts) 6. Marketing regulatory Acts)	Marketing services

This consolidation is proposed for the sole purpose of simplifying the appropriation structure and administration of the Production and Marketing Administration, and will in no way affect the nature or scope of the work conducted. Work previously performed under the subappropriation items would be appropriately identified by five projects or activities under the new mainhead appropriation.

The language contained in the 1951 Appropriation Act under the subappropriation item "Marketing farm products" authorizing the Secretary to make amounts available to other agencies of the Department as may be

necessary is proposed for deletion. This language was inserted in fiscal year 1947 when funds and authorizations for former War Food functions were transferred to this appropriation item. Use of this authority was not exercised in 1950, nor are any transfers thereunder contemplated during 1951. The language is now considered to be surplusage and retention is unnecessary.

The language included in the 1951 Appropriation Act under the subappropriation item "Marketing farm products" authorizing not to exceed \$20,000 for transportation and other necessary expenses including not to exceed \$10 per diem of persons serving without compensation while away from their homes or regular places of business is proposed for deletion. Since the Act approved August 2, 1946 (Public Law 600) authorizes the payment of travel expenses and not to exceed \$10 per diem in lieu of subsistence for persons serving without compensation, retention of the language in the appropriation act is no longer necessary.

STATUS OF PROGRAM

Current Activities:

The activities under this appropriation contribute to the efficient and orderly marketing of the production of American agriculture and aid farmers in obtaining the maximum return for this production. These activities are divided into five functional categories as follows:

- (1) Market news service assists farmers in obtaining equitable returns for their products and aids in orderly marketing and prevention of waste resulting from local surpluses by providing timely and reliable market news on all major agricultural commodities. This is accomplished through the collection of market information at permanent and seasonal offices maintained in more than 100 cities and towns and the dissemination of this information by mail, press, radio, telephone, telegraph, bulletin boards, and trade and farm publications. In 1950 almost 35 million mimeographed reports were distributed and reports were broadcast daily over 1172 radio stations and reprinted regularly in 1200 daily newspapers.
- (2) Inspection, grading and classing and standardization activities assist farmers in obtaining returns for their products commensurate with quality. This is accomplished by (1) establishing U.S. Standards of quality for agricultural commodities that will accurately describe their quality and condition; (2) developing the equipment and methods by which these standards may most efficiently be applied; (3) providing an impartial inspection, grading, and classing service for producers, dealers and others on the basis of these standards; (4) broadening the knowledge, acceptance and use of such standards by producers, dealers, manufacturers, consumers and others through demonstrations, training courses, color charts and photographs, plaster models, preparation and loan or sale of copies of standards, etc; and (5) administration and enforcement of regulatory and criminal provisions of statutes that require the use of official U.S. Standards for cotton, cotton linters and grain sold in interstate commerce and for tobacco sold at designated auction markets.
- (3) Improvement in marketing practices includes studies and the compilation and dissemination of information to improve marketing methods and practices and processing techniques, and the development of basic principles for improvement of market and storage facilities.

- (4) Freight rates for farm products activities assist in obtaining and maintaining equitable transportation rates and services on farm products through the Department's participation in cases before the Interstate Commerce Commission and informal negotiations with carriers and groups of carriers. During 1950 the Department participated in 41 cases before the Interstate Commerce Commission and conducted 41 informal negotiations with carriers.
- (5) Regulatory Activities involve the administration of the Standard Container; United States Warehouse; Federal Seed; Packers and Stockyards; Tobacco Plant and Seed Exportation; and Federal Insecticide, Fungicide, and Rodenticide Acts, and the regulatory features of the Naval Stores Act. These Acts regulate various activities, and the administration of each includes two or more of the following: (1) licensing or registration, (2) supervision of operations of licensees, (3) collection and testing of samples, and (4) handling of violations. Examples of these activities during 1950 include licensing of 71 additional warehouses, posting 113 additional stockyards, registration of 7,200 economic poisons, supervising 1,443 licensed warehouses and 314 posted stockyards, testing over 100 million pounds of imported seed, examination of 1,622 samples of containers, and collection and analyzing of 166 samples of naval stores and 2,221 samples of economic poisons.

Revenue

The total cost of these services during 1950 was slightly over \$18 million. Fees and other revenue collected covered over half of this expense. The statutes governing the collection of this revenue require that certain fees, receipts from sales of samples, etc. be deposited to Miscellaneous Receipts of the Treasury while other revenue is credited to the appropriation involved. These statutes also provide for the establishment of trust funds in connection with the inspection and grading of agricultural commodities. Fees are deposited to these trust funds and the inspection and grading expenses are paid from them. The table on the next page shows, by the 5 functional activities, the cost of these services by source of funds.

TOTAL COST OF MARKETING SERVICES PROGRAMS BY ACTIVITIES, BY SOURCE OF FUNDS
AND EXTENT OF COST OF PROGRAMS TO TAXPAYER
FISCAL YEAR 1950

Financial Project	C O S T O F A C T I V I T Y			Income to :		: % of		Net Cost to Taxpayer	: % of		Total Cost Covered by Taxpayer	Revenue
	Total	Reim. to Appropriation	Trust Funds	PAID FROM REVENUE EARNED	Paid From Appropriation	General Revenue	Funds of Treasury		Total Cost	Charged to		
Market News Service 1/.....	\$2,507,679	\$82,552	--	\$82,552	2,425,127			\$2,425,127	96.7		3.3	
Inspection, Classing and grading and standardization	13,052,658	1,684,654			5,326,873	2,274,474		3,052,399	23.4		76.6	
Improvement of marketing practices.....	480,327	358	--	358	479,969	--		479,969	99.9		0.1	
Freight rates for farm products.....	178,684	--	--	--	178,684	--		178,684	100		--	
Regulatory activities.....	1,924,192	405	--	405	1,983,787	33,953		1,949,834	98.3		1.7	
Total.....	18,203,540	1,767,969	6,041,131	7,800,100	10,394,440	2,308,427		8,086,013	44.4		55.6	

1/ Does not include cost of the service paid directly by the states under cooperative agreements.

Examples of Recent Progress and Trends:

MARKET NEWS SERVICE

Market News Activity by Commodity Group, Fiscal Year 1950

Commodity Group	: Number : of : Field : Offices :	: Number of : Buyers and : Sellers : Inter- : viewed :	: Number of : Radio : Stations : Broad- : casting : Reports	: Mimeographed : Releases to : Growers, : Shippers : Dealers, : and Others	: Number : on : Mailing : List
Livestock, Meats and	:	:	:	:	:
Wool	: 36	: 4,650	: 1,077	: 6,478,167	: 35,430
Tobacco: Permanent .	: 2	:	:	:	:
Seasonal	: 14	:	:	:	:
Total	: 16	: 1,200 <u>1/</u>	: 40	: 1,184,565	: 4,050 <u>2/</u>
Fruit and Vegetable:	:	:	:	:	:
Permanent	: 24	: 1,975	:	:	:
Seasonal	: 29	: 850	:	:	:
Total	: 53	: 2,825	: 586	: 12,155,000	: 70,725
Dairy and Poultry	:	:	:	:	:
Products	: 32	: 3,000 <u>3/</u>	: 830	: 12,000,000	: 45,000
Grain, Feeds and Re-	:	:	:	:	:
lated Products	: 7	: <u>4/</u>	: 587	: 1,414,061	: 59,875
Cotton and Cottonseed	: 3	: 150 <u>5/</u>	: 248	: 1,500,000	: 40,422
Cold Storage	: None	: 1,800 <u>6/</u>	: None	: <u>7/</u> 36,000	: 2,400

- 1/ Reflects only quarterly stocks report. Information for other market news reports obtained from summarizing data on sales tickets attached to lots of tobacco at auction markets.
- 2/ Most of the releases are handed to farmers at the auction market.
- 3/ Includes all respondents, such as stores, truckers and railroads.
- 4/ Data not available.
- 5/ During marketing season (usually August through January) 2,500 or more gins report prices on cottonseed.
- 6/ Information supplied by operators of cold storage warehouses.
- 7/ In addition to these releases, dealing solely with cold storage holdings, the cold storage information is included in many of the commodity market news releases which give it a circulation of about 316,000 copies.

Federal-State Cooperative Agreements, Fiscal Year 1950

Cooperating State	Commodity Group					
	Livestock:	Fruits	Dairy	Grain,		
	Meats	and	and	Feed and	Tobacco	
	and Wool	Vegetables:	Poultry	Related	Products:	Products:
Alabama	x	x	x	x	-	-
Arizona	-	x	-	-	-	-
Arkansas	-	x	x	x	-	-
California	x	x	x	x	-	-
Colorado	-	x	-	-	-	-
Delaware	-	-	x	-	-	-
Florida	x	x	†	-	-	-
Georgia	x	x	-	-	-	-
Idaho	-	x	-	-	-	-
Indiana	x	-	-	-	-	-
Iowa	x	-	x	x	-	-
Kentucky	x	x	x	x	x	x
Louisiana	x	x	x	x	-	-
Maine	-	x	-	-	-	-
Maryland	x	x	x	x	x	x
Michigan	-	x	x	-	-	-
Minnesota	x	x	-	-	-	-
Mississippi	-	x	x	x	-	-
New Jersey	-	x	-	-	-	-
New York	-	x	x	-	-	-
North Carolina	x	x	x	x	x	x
Ohio	-	x	x	-	-	-
Oklahoma	x	x	-	-	-	-
Oregon	x	x	x	x	-	-
Pennsylvania	-	x	-	-	-	-
South Carolina	-	x	-	-	-	-
Tennessee	x	x	x	x	x	x
Texas	x	-	-	-	-	-
Utah	x	x	x	x	-	-
Virginia	-	x	x	x	x	x
Washington	-	x	x	-	-	-
West Virginia	-	x	-	-	-	x
Wisconsin	-	x	x	-	-	-
Total States	16	29	19	13	6	
Territory of Hawaii ..	-	x	-	-	-	-
Total Agreements ..	16	30	19	13	6	

Additions, Changes and Specific Improvements in Service during 1950

1. Evansville, Indiana - Reporting of livestock sold at the public market at Evansville was begun in September 1949.
2. Stockton, California - Livestock reporting service in the Pacific Coast area was expanded in September to include the public terminal market at Stockton, the Visalia auction market and direct and contract sales of cattle and lambs in the San Joaquin Valley. This is a cooperative service, the State of California paying all expenses.
3. Tulsa, Oklahoma - A Federal-State livestock reporting service was established in November covering the Tulsa market.
4. Atlanta, Georgia - Under cooperative agreement with the State of Georgia, a service was initiated covering sales of cattle and hogs at packing plants in Atlanta and the north Georgia area and weekly auction sales at Thomasville, Atlanta, and Athens.
5. Birmingham, Alabama - A Federal-State service on fruits and vegetables and dairy and poultry products was initiated in September covering the Birmingham market. This office also handles coverage of the North Alabama poultry area.
6. Riverhead, New York - A seasonal office reporting principally potatoes and cauliflower produced in this area was opened in July and operated for approximately 6 months under cooperative agreement with the State of New York.
7. Palisade, Colorado - A seasonal service was provided on peaches during the peach season.
8. Fayetteville, and Little Rock, Arkansas - and Frankfort and Louisville, Kentucky - Under a revised Federal-State agreement and with increased funds from both States and Federal sources, service was expanded on fruits and vegetables, dairy and poultry products, and grain products.
9. Adoption of Uniform Terminology - A schedule of categories of terms and a list of terms within each category was adopted for use in the preparation of all livestock market reports. A pamphlet showing the categories of terms in their proper sequence was distributed to all market news offices as well as to radio stations, newspapers and other disseminating agencies for their use as a guide.

Progress was made in the establishment of uniform terminology for dairy and poultry products.
10. Experimental Television Reports - Experimental work in the distribution of market news over television was begun by 4 stations. Requests of these stations for slides and scripts were filled. It is anticipated that this method of disseminating market news will be used more frequently in the future.

11. Program for Development of the Service - At the request of the Congressional Appropriation Committees, a comprehensive program was developed carrying recommendations for expanding and improving the service over a minimum 5-year period. This plan included recommendations for securing more uniformity in cooperative financing between the Federal Government and States and local groups.

Expansion and Improvements in Service during 1951

Additional funds were provided in the 1951 appropriation to establish a market news service on naval stores and to establish and improve market news and reporting services in critical marketing areas.

The additional or improved services which have been or will soon be provided are as follows:

1. Meat reporting service at Philadelphia and Boston is expected to be initiated about January 1, 1951.
2. Livestock Market News service is being improved by training additional reporters to be available during seasonal heavy marketing peaks or for relief at one-man offices where regular reporters are on annual or sick leave. This will assure uninterrupted issuance of market information.
3. Truck shipment reports covering interstate movement of fruits and vegetables by truck was started early in November 1950 in California and Arizona. A similar service will be started in Florida and Texas about December 1, 1950.
4. Truck receipts will be reported at Denver, Detroit and Seattle beginning about January 1, 1951.
5. Seasonal service at Humboldt, Tennessee, which has been a purely local service operated and financed by the State, will be improved by expanding it to report on other west Tennessee crops and by reporting price and condition information to competing areas thus making the service of regional value.
6. Improved Federal-State service on fruits and vegetables at Phoenix and Yuma, Arizona has resulted from furnishing Federal leased wire services to these points.
7. Poultry and egg reports at Los Angeles are being expanded to report additional poultry prices. Poultry receipts will be covered beginning January 1, 1951.
8. Coverage at Chicago, Illinois expanded by assignment of a full-time reporter to cover poultry and poultry products and to issue daily reporting of dressed poultry prices.
9. More adequate broiler news service planned by establishing a Federal-State office in the Del-Mar-Va area.

10. Local coverage at Detroit, Michigan; Cincinnati and Cleveland, Ohio expanded to include daily prices paid producers for eggs and poultry in nearby producing areas beginning soon after January 1, 1951.
11. Technical supervision and service to States with Federal-State agreements and analysis and statistical handling of market information both foreign and domestic, to coordinate and interpret releases on grain and feed. The Department has assisted in the establishment of Federal-State reporting services in North Carolina on corn and soybeans and in Louisiana on rough rice at all important milling centers. Similar assistance will be given to several other States in the Southeastern area during 1951.
12. Federal-State services on grain, hay, feed, seed, rice, hops and beans are being assisted by adapting nationally collected news to the interests of local areas.
13. Daily reports on prices received by primary dealers for processed turpentine and rosin sold in domestic and export channels will be initiated on or before January 1, 1951. The headquarters for this service will be Savannah, Georgia.

INSPECTION, CLASSING, AND GRADING AND STANDARDIZATION

Volume of Service

1. The volume of inspection, grading and classing performed fluctuates for individual commodities from year to year depending on the production, supply, demand (both foreign and domestic), prices, and procurement activities of Federal agencies.
2. Volume of Inspections, Gradings and Classings by Commodity Groups, Fiscal Years 1948-50:

	Fiscal Year 1948	Fiscal Year 1949	Fiscal Year 1950
<u>Fresh Fruits and Vegetables</u> (car or carlot equivalents):			
At receiving markets ... :	121,065	127,602	76,709
At shipping points :	860,766	1,003,730	1,176,949
Total carlots :	981,831	1,131,332	1,253,658
<u>Processed Fruits and Vegetables:</u>			
Canned products (cases) . :	88,348,430	91,323,091	87,407,498
Frozen, dried and miscellaneous (lbs.) :	1,058,578,144	1,287,535,756	1,209,073,869
Marine Products, Canned (cases) :	172,786	553,013	138,568
<u>Dairy Products:</u>			
Butter, cheese, dry skim milk, butter spreads and oils (lbs.) :	558,174,963	1,070,559,887	1,650,879,659
Evaporated milk (cases) . :	5,021,478	3,751,298	1,423,813
<u>Poultry Products:</u>			
Shell eggs (cases) :	14,263,920	13,157,032	14,272,824
Processed eggs (lbs.) .. :	381,195,601	635,619,267	648,736,847
Poultry (lbs.) :	527,969,937	602,518,201	901,636,462
<u>Grain and Related Products:</u>			
Grain (Bu.) :	4,050,195,000	4,544,055,000	4,036,356,000
Rice, beans and peas (100 lb. bags) :	26,383,543	25,092,394	31,048,238
Hay (tons) :	70,792	86,948	54,452
Hops (bales) :	256,701	259,264	231,026
Seed verification and reverification (lbs.) . :	66,418,047	46,006,989	86,340,200
Miscellaneous commodities (certificates issued) . :	62,273	33,142	12,715
<u>Meat and Meat Products (lbs.):</u>			
Beef :	2,351,147,165	2,138,501,156	2,147,988,000
Veal and Calf :	179,536,911	115,829,960	99,171,000
Lamb and Mutton :	171,138,194	118,607,049	113,436,000
Miscellaneous Total :	185,906,933	98,274,439	255,144,000
Total :	2,887,729,203	2,471,212,604	2,615,739,000
<u>Wool (samples tested) :</u>	- -	105	79
<u>Cottonseed (samples analyzed):</u>	126,717	155,521	159,135
<u>Cotton (Total classifications)</u>	10,369,821	15,972,898	15,732,526
<u>Tobacco (Pounds inspected at (auction markets) :</u>	2,045,000,000	1,973,000,000	1,956,000,000
<u>Naval Stores:</u>			
Rosin (Total 520 lb. drum equivalent) :	482,826	909,953	807,973
Turpentine (Total gallon equivalent) :	4,250,993	6,271,413	8,335,043

Revenue and Financing

1. Funds available - The work under this project relating to cotton and cottonseed, grain and tobacco and the standardization activities for all commodity groups are financed largely from the appropriation. For other commodities, fees collected for the service are used to pay a large part of the expenses of the inspection work.
2. Revenue and Net Cost of Service - Certain items of revenue other than the earnings used to defray expenses are deposited to "Miscellaneous Receipts" of the Treasury. The net cost of this project in 1950 to the taxpayer was about \$3,000,000 or 23.4 percent of the total cost of the program.

3. Total Cost of Inspection, Grading, and Classing and Standardization
Activity and Extent of Cost of Program to Taxpayer by Work Project
Fiscal Year 1950

Work Project	T O T A L C O S T O F A C T I V I T Y				Income to :			% of :		
	Paid from Revenue Earned		Reim. to :		General	Revenue	Fund of	Net	Total	% of
	Total	Trust Funds	Appropriation	Total	Paid from	Trust Funds	Appropriation	Cost to Taxpayer	Cost Charged to Taxpayer	Total Cost Covered by Taxpayer Revenue
Cotton and Cottonseed	2,369,708	-	741,515	741,515	1,628,193	-	1,811,790	183,597	107.7	
Dairy and poultry products	2,676,293	-	21,000	2,512,588	2,533,588	-	16,000	126,705	4.7	95.3
Fruits and Vegetables	2,884,757	-	741,829	1,603,537	2,345,366	-	239,192	300,199	10.4	89.6
Grain (Includes U.S. Grain standards Act)	1,254,376	-	1,500	-	1,500	-	178,996	1,073,880	85.6	14.4
Livestock, Meats and Wool	1,517,247	-	-	1,387,525	1,387,525	-	3,708	126,014	8.3	91.7
Naval stores	52,077	-	-	21,139	21,139	-	6,608	24,330	46.7	53.3
Rice, Hay, Beans, etc.	603,125	-	1,000	516,342	517,342	-	9,130	76,653	12.7	87.3
Tobacco	1,695,075	-	177,810	-	177,810	-	9,050	1,508,215	89.0	11.0
Total	13,052,658	-	1,684,654	6,041,131	7,725,785	-	2,274,474	3,052,399	23.4	76.6

4. Inspection rates are changed from time to time as necessary in order to provide revenue more nearly commensurate with cost.

Recent Developments in Inspection, Grading, and Classing Activities in Specific Commodity Fields

1. Cotton and Cottonseed: Cotton production in the United States totaled 15.9 million running bales in 1949. This was the fifth largest crop on record and was an increase of 9 percent over the 1948 crop which resulted in more cotton being classed by Federally employed classers under the authority of the Cotton Acts during the fiscal year 1950 than during any year since these Acts have been in effect.

(a) Cotton Classifications by Federal Employees and Licensed Classers (Federally Supervised) for Fiscal Years 1946-1950

	Number of Classifications Made				
	Fiscal Year:	Fiscal Year:	Fiscal Year:	Fiscal Year:	Fiscal Year:
	1946	1947	1948	1949	1950
<u>Classifications by</u>					
<u>Federal Employees</u>					
Grade and Staple					
Statistics Act	306,458	382,570	381,931	494,756	215,155
Smith-Doxey					
(Amendment) Acts	2,905,437	2,580,273	4,309,581	8,066,734	10,355,955
Cotton Standards					
Act:					
Public Class-					
ing Service...	1,598,107	888,995	1,005,096	1,240,357	1,405,737
Economic Coop-					
eration Adm.					
(Reimb.).....	-	-	-	325,401	620,011
Federal Peni-					
tentiary(Reim.)	15,932	16,691	12,633	18,528	25,586
Cotton Futures					
Act	111,142	225,925	429,731	244,652	464,398
Subtotal.....	4,937,076	4,094,454	6,138,972	10,390,428	13,086,842
<u>Classifications by</u>					
<u>Licensed Classers</u>					
(Supervised by					
Federal Classers)					
Cotton Standards					
Act	5,720,810	6,474,555	4,230,849	5,582,470	2,645,684
(includes bale					
classifications					
and samples					
classed in sort-					
ing cotton into					
lots by grade					
and staple)					
Total Classi-					
fications ...	10,657,886	10,569,009	10,369,821	15,972,898	15,732,526

b Growth of Classification Service for Grower Members of Cotton Improvement Groups (Smith-Doxey Amendment)

Fiscal Year	Crop	Members	Samples Classed	Percentage of Crop Classified
1939	1938	18,589	83,592	0.8
1940	1939	64,399	265,090	2.3
1941	1940	128,216	1,530,764	12.4
1942	1941	278,782	2,520,083	24.0
1943	1942	281,100	3,567,095	28.7
1944	1943	281,493	3,350,622	30.1
1945	1944	318,700	4,069,117	34.1
1946	1945	342,900	2,905,437	32.8
1947	1946	343,704	2,580,273	30.2
1948	1947	346,500	4,309,581	37.3
1949	1948	371,061	8,066,734	54.3
1950	1949	497,100	10,355,955	65.1

c Cotton Fiber Testing Service. The number of fiber and spinning tests performed for cotton breeders and others totaled 38,637 in 1950. Fees collected for deposit to the Treasury totaled \$27,013 for that fiscal year. Although this was a slight decrease from the previous fiscal year both in number of tests and in the amount of fees collected, the general trend of this activity has been upward since the service was started in 1942. This reflects a definite need on the part of the cotton industry for a service of this type. Some increase in funds was provided in the 1951 appropriation to perform the increased volume of tests being requested. With the increased facilities, the Department expects to be able to keep pace with the current volume of requests for the service.

d Cottonseed inspection certificates were issued on approximately two-thirds of the crop last year.

2. Dairy and poultry products:

- a. Volume of dairy products graded in 1950 increased 50 percent in comparison with 1949. This resulted from increased price support activities for dairy products and increased utilization of the service for commercial purposes.
- b. Continuous inspection service was carried on in 1950 at 56 dairy products processing plants. This program, initiated upon request in 1947 for cheese, now covers butter, dry skim and evaporated milk, in some plants.
- c. The new regulations promulgated on July 1, 1950, relating to the inspection and grading of dressed poultry and domestic rabbits resulted in extended activities in the surveying of plants interested in the program. The revised regulations provide minimum standards for sanitation, facilities, and operating procedures in poultry processing plants and for the grading of ready-to-cook poultry which is not Federally inspected.

3. Fruits and Vegetables:

- a. More than 1-1/4 million carlots of fresh products were inspected - 10 percent over 1949 and nearly 1-1/2 times the number inspected in 1940.
- b. The decrease in terminal market inspections is due to the fact that over half of the tonnage in 1949 was inspected for Publicker Industries covering potatoes diverted to flour and alcohol. This diversion activity was discontinued in 1950.
- c. Under the revised inspection agreement with the State of Florida, all processed citrus products were inspected for Florida to assist that State in determining compliance with the Florida Citrus Code of 1949.
- d. A new agreement was entered into to provide inspection of canned pineapple in Puerto Rico.
- e. Continuous factory inspection was approved for 102 companies with 127 plants, compared with 86 companies with 111 plants in 1949. The volume packed under continuous inspection reflected a small decrease in canned but a very large increase in frozen fruits and vegetables. This is largely attributable to the shift from canning of citrus juices to production of frozen citrus concentrates in Florida.

4. United States Grain Standards Act:

- a. Coverage - During 1950, original inspection of grain was available under the United States Grain Standards Act at 146 established inspection points and 93 additional designated points. There were 485 inspectors licensed under the Act. This represented an increase from 1949 of 16 licensed inspectors and 6 inspection points, while the personnel supervising these activities remained about constant. Appeal services were available at 35 district offices and 8 sub-offices.
- b. Inspections and Appeals
 - (1) For the fifth consecutive year, inspectors licensed and supervised under the Act performed over 2 million inspections of grain
 - (2) The volume of appeals decided by the District offices declined slightly from approximately 81,000 appeals in 1949 to 74,000 during 1950. About 20,000 additional requests for appeals had to be cancelled or denied because of inability to handle them. The number of appeals handled by the Boards of Grain Supervisors increased from 901 to 1098.

(3) Volume of Inspection and Appeal Activities under the United States Grain Standards Act, Fiscal Years 1945-1950

Activity	1945	1946	1947	1948	1949	1950
Total number of inspections.....	1,945,638	2,063,823	2,117,641	2,100,479	2,318,304	2,120,050
Inspections supervised by Federal supervisors (does not include appeals).....	114,645	109,605	140,307	126,040	129,292	127,995
Percent of inspection supervised.....	5.9	5.3	6.6	6.0	5.6	6.0
Appeals to District Offices decided.....	59,024	53,128	46,640	56,687	80,954	73,743
Original grade sustained(%)..	62	55	57	59	58	66
Original grade changed (%)..	38	45	43	41	42	34
Appeals carried to appeal boards.....	638	425	462	631	901	1,098
Supervisors grade sustained (%)..	81	79	79	82	80	81
Supervisors grade changed (%).....	19	21	21	18	20	19
Quantity of grain produced crop year - (1,000 bu.)....	6,139,265	6,512,838	5,577,848	7,240,105	6,522,577	6,406,262**
Quantity of grain inspected (1,000 bu.)....	3,647,143	4,133,866	4,097,624	4,050,195	4,544,055	4,036,356
Total number of certificates issued.....	2,005,300	2,117,376	2,164,743	2,157,796	2,400,159	2,194,891

* - Preliminary

** - 1950 Crop Report

5. Livestock, Meats and Wool:

- a. Meat Grading: The continued increase in volume of meat graded was an indication of the high degree of consumer and trade acceptance of Government graded meat. Requests for the service were received during the year from State, county and city, as well as private institutions which had not been regularly serviced previously. Under the amended rules and regulations, issued early in the fiscal year, the grading service was restricted to establishments which operate under inspection and sanitary requirements.
- b. Wool Core Testing: Seven hundred and ninety-two thousand pounds of wool were core tested for producers on a fee basis. A contract was in effect during the fiscal year with a commercial laboratory to make laboratory analyses of wool samples as requested by the Department. The substantial number of requests expected from growers for the service did not materialize due to a very keen demand for wool at relatively high prices during the latter part of the fiscal year. Because of this situation the Department announced, early in the 1951 fiscal year, the suspension of the core testing service.

6. Naval Stores:

- a. The volume of inspection again increased during 1950 - 88 percent of the total production of gum rosin and 32 percent of the gum turpentine was inspected during the year as compared with 83.5 percent and 27 percent, respectively, during 1949.
- b. Volume of Naval Stores Inspected, Fiscal Years 1946 to 1950

Item	1946	1947	1948	1949	1950
Drums of rosin (520 lbs.)	114,214	167,825	438,320	874,925	762,958
Bags of rosin (100 lbs.).....	-	25,894	170,538	171,648	209,583
Tank cars of rosin	-	33	87	15	35
Drums of turpentine (55 gals.)	2,247	747	2,952	2,121	10,201
Tank cars of turpentine.....	-	65	174	185	197
Gallons of turpentine in miscellaneous small containers	-	52,935	2,696,633	4,674,758	6,197,988

7. Rice, Hay, Beans, Peas, Seed, Hops and Miscellaneous Agricultural Commodities:

- a. The total number of inspections performed was 75,062 compared with 82,795 in 1949 due principally to smaller government purchases of grain products and related commodities.
- b. Hop inspection service was extended to Idaho for the first time in 1950, the first year of significant production of hops in Idaho. As an experiment 2 small lots of frozen hops were inspected.
- c. Rice inspections were about 25 percent greater than each of the last 2 fiscal years, due largely to inspections for grade, factor analysis and milling tests in California and for equal-to-type in Southern States. There was a marked increase in rough rice inspection in both areas.
- d. Quantity of alfalfa seed verified as to origin in 1950 was the largest in the history of seed verification service due to the large crop of alfalfa seed produced and harvested.

8. Sirups, Liquid Sugar and Molasses:

Tentative grade standards for sirups, liquid sugar and molasses, developed with Research and Marketing Act funds during the past two years, were issued for the first time in September 1950. These standards need to be tested in actual commercial practice to determine whether they adequately describe the qualities of the products or whether revisions are necessary. The Department has also received numerous requests and inquiries from the liquid sugar, sirup and molasses trades relative to a grading and certification service. A limited amount of funds is being made available to field test these tentative standards and to do the necessary preliminary exploratory work in connection with a grading service.

9. Tobacco:

All of the 169 tobacco auction markets were Federally inspected in 1950. This was 14 more than during the previous year, although the volume of tobacco inspected declined slightly. The increase in markets is due to the vigorous efforts on the part of residents of smaller communities to establish new markets in their localities.

a. Number of Markets and Volume of Tobacco Inspected

Item	FISCAL YEARS							
	1937*	1943	1945	1946	1947	1948	1949	1950
Number of markets ...	136	138	145	148	152	153	156	169
Number of designated markets	20	134	141	142	147	151	152	158
Number of markets inspected.....	20	105	110	117	147	153	155	169
Number of sets of buyers 1/.....	26	145	147	160	206	217	218	228
Tobacco inspected at auction markets (1,000,000 lbs.)....	169	927	1,478	1,685	2,273	2,045	1,973	1,956
Percent of total pounds sold at auction	15.1	68.3	77.1	83.5	99.2	98.8	99.9	100

* First year of operation under Act of 1935.

1/ A set of tobacco graders (averaging three) is required for each set of buyers.

b. Volume of Inspection of Tobacco by Class for Fiscal Year 1950

Classes of Tobacco	:Number of: : Auction : : Markets : : Inspected:	Sets of Buyers	Pounds Sold	Pounds Inspected	Percent Inspected
Auction Markets:	:	:	:	:	:
Flue-cured.....	87 1/	138	1,224,373,758	1,224,373,758	100
Fire-cured.....	10	13	68,252,246	68,252,246	100
Dark air-cured..	10	6	36,897,526	36,897,526	100
Burley.....	57 2/	65	589,924,649	589,924,649	100
Maryland.....	5 3/	6	37,029,819	37,029,819	100
Total	169 4/	228	1,956,477,998	1,956,477,998	100
Cooperative Marketing Associations..	:	:	:	5/184,290,022	:
Grand Total..	:	:	:	2,140,768,020	:

1/ Includes inspections made on a reimbursable basis at Greensboro and Windsor, N.C.; Hemingway, S.C.; and Sylvester, Ga. since they were not designated in Fiscal Year 1950.

2/ Includes inspections made on a reimbursable basis at Athens and Sweetwater, Tenn.; Pennington Gap, Va.; and Russellville, Franklin and Scottville, Kentucky, since they were not designated in Fiscal Year 1950.

3/ Includes inspections made on a reimbursable basis at Waysons Corner, Md., since it was not designated in Fiscal Year 1950.

4/ Includes inspections made on a reimbursable basis at 11 markets since they were not designated in Fiscal Year 1950.

5/ Includes 16,290,022 lbs. of Wisconsin, Connecticut-Massachusetts and Puerto Rican Cigar leaf.

- c. Inspection of tobacco for proposed new sales is being provided for reasonable periods of time, pending a determination as to whether an "auction sale" is established. Requests were received last year for such service at about 30 points.

Inspection was provided at 12 of these points for periods of from 1 to 24 sales days. These sales and services are not reflected in the preceding tables. The other requests were withdrawn as the sales were not initiated even though inspectors were made available.

Standardization Activities

1. Standards were revised for grapefruit, oranges, fresh tomatoes and cantaloupes. Also studies were made on the revising of the standards for green corn, bunched beets and pecans.
2. New U. S. Standards were developed for green tomatoes for processing. Additional studies were made on the development of new standards for blueberries, oranges and broccoli for processing, and for almonds.
3. Studies were made on sediment standards for milk and milk products, standards for grades of cream for use in the manufacture of butter, standards for non-fat dry milk solids and dried whole milk and tentative standards for grades of American cheddar cheese. These new standards will be released in the near future.
4. The official standards for barley were amended effective July 1, 1950, to provide for malting barley grades for two types of western barley.
5. Work was started on the selection of a series of cottons for tentative "gray" standards.
6. Tentative grade standards for butcher barrows and gilts were published. These live standards are closely related to the objective carcass grade standards previously developed. It is expected that a proposed revision of the standards for carcass beef prepared during the year will be published early in 1951.
7. Specifications were developed for market classes of wool and tentative specifications were developed for mohair. Official notice of these grades is in process of publication.
8. Tentative grades were established for Connecticut Broadleaf and Connecticut Havana Seed cigar tobaccos.
9. The Ninth Universal Cotton Standards Conference, held in Washington in May 1950, was attended by about 30 delegates and observers from trade associations in foreign cotton consuming countries and about 60 representatives from organizations in the United States. The purpose of the conference was to examine and approve copies of the original universal standards. The first reserve set of standards revised in 1946 was used for comparison in examining and approving 1,055 key boxes for use in the preparation and distribution of standards in the next three years.

Demonstration Activities and Visual Aids

1. Plaster models of canning tomatoes, grapefruit, prunes, onions, sweet potatoes, peanuts, oranges, filberts, potatoes and pears were prepared to assist inspectors in maintaining uniformity of grade interpretations.

During the year, 1,250 models, 1,107 photographs and 149 painted color guides were distributed for the use of fruit and vegetable inspectors.

2. A program for acquainting poultry processors, health officials, regulatory agencies, State marketing officials and the general public with the new regulations, standards and grades of the revised poultry grading and inspection program was initiated by:
 - a. Conducting a series of regional conferences in New York, Atlanta, Chicago, Omaha, Portland, San Francisco, Los Angeles, and Dallas.
 - b. Preparing and distributing a brief digest of the revised programs.
 - c. Preparation of a folder titled, "Poultry Grading and Inspection Program - Highlights for Consumers", for use of consumer education groups, teachers, members of the poultry industry and individual consumers.
 - d. Distributing, to agencies concerned with the educational program, new color photographs illustrating the standards for quality of eggs in broken-out form, and color photographs of poultry of various kinds, classes and grades.
3. A total of 782 sets of forms of standards for wool and wool top were prepared and distributed to dealers and manufacturers during the year.
4. Technical assistance was made available to producers in preparing tobacco for market.

Volume of Activity, Fiscal Years 1948-1950

	Fiscal Year		Fiscal Year		Fiscal Year	
	1948		1949		1950	
	Number	Attendance	Number	Attendance	Number	Attendance
Farm demonstrations...	1,217	27,883	1,578	35,487	1,354	20,989
Farmers' meetings....	301	3,345	658	16,005	1,069	27,964
School demonstrations	1,679	57,108	1,533	56,454	348	12,731
Farm visits and						
other contacts.....	-	1,072	-	1,138	-	2,096
Short courses at agri-						
cultural colleges...	3	665	3	675	4	810
Farmers' bulletins,						
etc., distributed						
at demonstrations...	85,000	-	76,000	-	74,000	-

IMPROVEMENT OF MARKETING PRACTICES

Specifications for artificial daylighting for routine cotton classification were completed in fiscal year 1949. The system developed requires the use of special filters over tungsten lamps. Although satisfactory from a technical standpoint, this system has been found to be relatively expensive and an attempt has been made to solve the problem by the use of fluorescent lights with the addition of tungsten to supply the red by which the present fluorescent lights are deficient. Technical guidance in the perfecting of the new system is being provided to the industry.

The colorimeter for automatically measuring the color factors in grades of cotton, developed in 1949, has had extensive practical testing during the year. This instrument permits the measurement of the color of cotton samples at a rate approximately 15 times faster than the old method. Two publications describing the colorimeter and its use have been released to the trade during the year.

Studies of wholesale poultry and egg markets in 30 cities

The defects common to the 30 representative markets were determined, and the report issued shows members of the trade, farmers, and others what conditions should be corrected in planning improved poultry and egg markets.

Factors that govern the success of wholesale markets for farm products

The purpose of this study is to determine what conditions existed in those markets which have succeeded and what conditions prevailed in those places where the markets failed. Current work is limited to assembly markets. The findings of the study, although not yet released make it possible, in planning markets in specific localities, to show what conditions will have to be met if a facility is to succeed.

Factors that govern the success of country elevators

The objectives of this study are to determine the location, construction, design, size, equipment, and method of operation most efficient for a country elevator and how such facilities can best be financed. This study was initiated on a pilot basis, covering 18 elevators, and a report on the findings will be issued in fiscal year 1951.

Design of a frozen food wholesaler's plant lay-out

A study was initiated to determine the best design for a frozen food wholesaler's plant lay-out. In selecting a sample of firms for study, consideration was given to location, size of business, and methods of receiving and delivering merchandise. A report describing and analyzing the methods and facilities now being used will be issued in fiscal year 1951, and a model plant lay-out designed to cut costs of handling will be developed.

An analysis of the extent to which existing transportation facilities and methods meet the requirements for efficient transportation

Studies were made, preliminary to the initiation of research programs, of basic principles involved in improving loading methods, including transportation tests, directed toward the reduction of loss and damage to carload shipments of beef, cantaloups, and celery; and of various experimental types of vans capable of interchange between railroad cars and trucks and the different means of transfer from one conveyance to the other.

Regional Marketing Research

Assistance was given to State agricultural experiment stations in connection with 7 regional marketing research projects dealing with fruits and vegetables, dairy products, poultry products, meat and cotton. This work involved grading services where required, and consultation and coordination in connection with phases of the projects where experience and knowledge of marketing gained in performing the regular work under this appropriation was needed by the experiment stations.

FREIGHT RATES FOR FARM PRODUCTS

Actions taken during 1950 fiscal year

1. The Department participated in 41 formal litigation actions before the Interstate Commerce Commission and negotiated an additional 41 adjustments informally with carriers.
2. The various agricultural commodities affected by the above actions are as follows:

<u>Type of Actions</u>	<u>Number of Actions</u>
Cotton and cottonseed	5
Dairy and poultry	6
Fruits and vegetables	25
Grain and Grain products	16
Livestock and meats	6
Wool and mohair	2
General motor carrier rates	15
General rail rates	7
Total.....	82

Benefits to Producers

1. The last of a series of three general over-all rail rate increase cases initiated since World War II was brought to a conclusion in the past fiscal year. The Department has been active in all stages of each of these cases through witnesses and counsel and in cooperation with agricultural interests generally. The cumulative percentage increases granted the rail carriers approximated 55 percent on all items of traffic but only 48 percent on agricultural products.

2. During the year the general wool freight rate case was concluded after about five years of litigation... In this case initiated by the Department, all of the wool and mohair rates in the United States were attacked as being unreasonably high. Reductions in the eastbound rates of as much as 15 percent were obtained effective April 10, 1950. It is estimated that this will result in a reduction in wool transportation charges of approximately \$750,000 annually.
3. Rail carriers proposed to increase the estimated billing weights on eggs from 53 pounds to 56 pounds per standard 30-dozen egg case. The Department opposed this increase on the basis that the weight study of the carriers was not comprehensive enough to give a National year-round average. The Interstate Commerce Commission upheld this point of view and ordered the proposed rates cancelled. This action will save egg producers about \$150,000 annually on the basis of present rail shipments.
4. Partly through the efforts of the Department, the Interstate Commerce Commission in deciding rate increase requests of motor carriers granted less than originally asked. The Middle-Atlantic-New England carriers asked for 10 percent and received 5 percent increases. The New England common carriers requested a 10 percent "interim" increase and a 25 percent "permanent" increase. The former was denied and the latter was scaled down to 15 percent.

Transportation Carriers' Operating Efficiency

1. Studies have been initiated during the past fiscal year to determine how carriers can increase efficiency and reduce the over-all cost of transportation; to provide a sound basis for measuring and comparing efficiency and economy; and to check on progress being made to overcome inefficiencies. Basic data collected by the I.C.C. is analyzed and used by the Department in this connection. The results of these studies are expected to substantially strengthen the Department's position in combating rate increases.

REGULATORY ACTIVITIES

The Perishable Agricultural Commodities Act is not included under this item as in past years, since Public Law 554, 81st Congress, amends the Act to authorize the establishment of a special fund to which fees will be deposited and from which the costs of administering the Act will be paid.

Federal Seed Act

1. Import Actions

- a. The workload with respect to the importation of agricultural and vegetable seeds during the past fiscal year remained at a very high level. The total workload was more than double

Federal Seed Act (Continued)

1. a. (continued)

that of 1946 and approximately 35 percent higher than 1947 and 1948. During the first four months of fiscal year 1951 the volume of seed imports increased 15 percent over the same period in 1950. Due to the size of the lots, however, the number of import actions increased 34 percent.

b. Analysis of Import Activity, Fiscal Years 1945-1950

Activity	1945	1946	1947	1948	1949	1950
Total import:						
actions ^{1/} :	3,632:	3,736:	5,791:	5,774:	8,295:	7,76
Lots offered:						
for impor-						
tation....:	3,258:	3,448:	5,399:	5,481:	7,224:	7,218
Lots permit-						
ted entry :	3,194:	3,327:	5,168:	5,343:	7,106:	7,080
Lots denied :						
entry.....:	64:	121:	231:	138:	118:	138
Kinds of						
seed im-						
ported....:	69:	83:	101:	114:	114:	119
Pounds of						
seed im-						
ported....:	75,204,957:	70,485,426:	69,126,084:	66,075,543:	107,952,998:	102,225,283

^{1/} Includes action taken on lots rejected once and acted on again after cleaning, etc.

2. Interstate Violations

a. 693 investigations of complaints of violations of the interstate provisions of the Act were completed. There was a 30 percent increase in the number of cases pending investigation at the end of the year.

b. Interstate Investigations and Actions, Fiscal Year 1946-1950

	1946	1947	1948	1949	1950
Cases for investigation:					
Total to be investi-					
gated	785	1,199	1,482	1,367	1,128
Investigations com-					
pleted.....	623	768	864	1,034	693
Pending at end of					
year.....	162	431	618	333	435
Administrative actions::					
No action warranted..	96	160	236	322	174
Warnings issued	381	539	566	660	475
Cited for hearings....	79	94	76	103	46
Seizures recommended :	9	4	13	11	12
Criminal actions re-					
commended 1/.....	44(11)	61(24)	34(14)	39(13)	42(18)
Court actions:					
Criminal actions					
terminated	9	16	19	14	13
Criminal actions					
pending at end of					
year	12	16	11	10	15
Seizure actions					
terminated	3	6	6	16	12
Seizure actions pend-					
ing at end of year :	5	3	9	4	4

1/. Often several alleged violations are combined into one court action. The number of court actions involved is shown in parentheses.

3. Seed Testing

- a. The total number of samples tested during the past fiscal year decreased slightly under the number of samples tested in 1949. The reduction in the number of samples tested is a result of a reduction in personnel trained to perform seed analysis. The average of 1,057 samples tested per analyst in 1950 is 40 percent above the normal workload of 750 samples per analyst per year. There were demands for a substantially greater volume of seed testing than could be done.

b. Volume of Seed Testing Work, Fiscal Years 1945-1950

Activity	1945	1946	1947	1948	1949	1950
Seed samples tested						
in connection with:						
Imports	\$4,451	\$3,614	\$5,475	\$5,615	\$7,468	\$7,666
Interstate shipments	3,650	5,057	8,603	4,353	2,530	1,934
Check tests	155	74	115	28	38	30
Variety tests ...	1,346	2,127	2,121	1,868	1,027	1,111
Miscellaneous ...	3,273	1,825	2,567	1,983	1,217	694
Total tests ...	12,875	12,697	18,881	13,847	12,280	11,435

Insecticide, Fungicide, and Rodenticide Act

1. Registration

- a. Under the Act all economic poisons sold in interstate commerce must be registered by the Department. Before registering a poison, the Department determines that the labeling and accompanying brochures and folders accurately state the poison's properties and give adequate instructions for its most effective safe use.

b. Registration Activities, Fiscal Years 1948, 1949, and 1950

Activity	1948 ^{1/}	1949	1950
Submissions received ^{2/}	20,832	20,780	20,203
Carryover from previous year	- -	3,025	473
Total submissions requiring action:	20,832	23,805	20,676
Registrations:			
Original registrations	9,020	7,802	4,007
Supplemental registrations	1,572	3,901	3,193
Total	10,592	11,703	7,200
Letters of criticism written	9,687	16,064	14,900
Pending at end of year	3,025	473	378

^{1/} Registration work was started October 2, 1947.

^{2/} Includes original submissions, submissions of corrected labeling and supplemental submissions in instances where the originally registered products were in some manner changed after registration.

2. Enforcement

- a. The collection and examination of samples of economic poisons from interstate shipments increased during the year. However, the level of this activity was only approximately equal to the 1945-47 level under the Insecticide Act of 1910 which covered far fewer products.
- b. Enforcement work on rodenticides and herbicides, which were not covered by the Act of 1910, was continued for the second year under the new Act. Of the 67 samples of rodenticides examined, 28 were found to be in violation - 2 so seriously that the shipments were seized. Thirty samples of herbicides were examined, resulting in citation or correspondence in 6 cases and seizure in 1 case.
- c. Samples were obtained from 63 shipments of economic poisons offered for import. Of these shipments 35 were released unconditionally, two were released with warnings and 26 were detained for relabeling.

d. Enforcement Activities, Fiscal Years 1945-1950

	1945	1946	1947	1948	1949	1950
Samples collected:						
Not previously sampled	509	544	977	448	676	1,204
Old products.....	1,428	1,362	1,378	528	876	1,017
Total	1,937	1,906	2,355	976	1,552	2,221
Violations (mis-labeled and/or adulterated products).....	430	417	635	199	223	570
Actions taken on violations:						
Warnings	60	120	229	24	9	91
Citations.....	363	284	357	156	197	438
Seizures.....	16	13	49	18	30	67
Prosecutions.....	27	26	19	11	5	12

3. Cooperation with States

Cooperative agreements are now in effect with 16 States to provide for exchange of information regarding certain enforcement activities of the Department and the States and for referral to the Department of suspected violations of the Act found by State employees. During the year, 753 reports on individual samples have been referred to the Department of which 156 indicated such violations as to warrant follow-up action. Two additional States not having economic poison laws, and not having cooperative agreements with the Department, have agreed to collect samples for the Department upon specific requests.

Naval Stores and Tobacco Export Permits

1. Naval Stores: Most of the enforcement activities under this Act are concerned with turpentine because of the ease with which it can be adulterated with other liquids. Of the 166 samples of turpentine and rosin collected, two samples of turpentine were found to be adulterated and three instances of faulty invoicing and three of improper labeling were found. Two lots of rosin brought into the New York area from Mexico were found to be incorrectly graded. All cases of irregularity were corrected without the necessity of formal action.
2. Tobacco Export Permits: Forty-two certificates were issued during the year for the exportation of tobacco seeds for experimental purposes only.

Packers and Stockyards Act

1. Posting, Registration and Licensing

- a. At the close of the 1949 fiscal year there were 206 stockyards posted under the Act. During the past year, which was the first year of a three-year plan to post all eligible stockyards, there were 113 additional yards posted and 5 yards deposted, leaving a total of 314 posted stockyards under the Act as of June 30, 1950.

b. Posting, Registration, and Licensing Activities as of June 30, Fiscal Years 1945 - 1950

Activity	1945	1946	1947	1948	1949	1950
Number of yards posted:	196	193	201	207	206	314 ^{1/}
Market agencies and dealers registered...	4,478	4,708	4,652	4,972	4,462	4,639
Packers under supervision	1,332	1,340	1,871	2,123	2,148	1,997
Poultry dealers licensed.....	1,538	1,549	1,619	1,603	1,608	1,576

^{1/} Approximately 290 additional yards meet the Acts requirements for posting.

2. Supervision and Enforcement

- a. Stockyards supervised under the Act during 1950 spent approximately \$2,000,000 in the construction of new facilities and purchase of new equipment and spent an additional \$2,000,000 in the repair of existing facilities. These improvements can, in part, be attributed to the studies of services and facilities the Department has made and the policy that no increase in yardage rates will be approved until existing inadequacies have been remedied.

2. Supervision and Enforcement (Continued)

b. The elimination of unfair trade practices in the buying and selling of livestock continues to be an important activity. Investigation of weighing practices at the Kansas City Stockyards disclosed a fraudulent scheme whereby eight weighmasters employed by the stockyard company were in collusion with 19 cattle dealers. The weighmasters manipulated the scales to favor the dealers and in return the dealers paid the weighmasters a portion of their fraudulent profits. Criminal action against the weighmasters was instituted and they were indicted by a Federal Grand Jury for violating the Packers and Stockyards Act. Upon pleas of guilty they were sentenced in Federal District Court at Kansas City, Missouri. The investigation of the Fort Worth market was completed during the year. Formal administrative action was brought against 13 firms and 16 cases were sent to the Department of Justice seeking injunctions and money damages authorized under the Act.

c. Analysis of Formal Proceedings, Fiscal Years 1945-1950

Activity	1945	1946	1947	1948	1949	1950
Cases pending first of year	57	46	23	59	55	23
New cases	71	24	64	16	29	65
Cases reopened.....	13	20	38	16	16	18
Total cases requiring action ...	141	90	125	91	100	106
Cases disposed of	95	67	66	36	77	70
Cases pending end of year.....	46	23	59	55	23	36

d. Many minor violations of the Act were settled without resorting to formal action. Stipulations were entered into with 44 persons or firms found to be in violation of the Act and many cases were disposed of by letters of warning addressed to the parties by district supervisors. The handling of cases by informal means has been used whenever the situation would permit in order that maximum compliance may be attained with minimum costs.

e. The program to improve the operations of the New York City live poultry market initiated during 1949 was successfully carried out. During the investigation approximately 1,000 poultry shippers were contacted by Department employees by letter or in person and are now aware of the protection available to them under the Act. This has resulted in a noticeable improvement in compliance with the Act in this area.

2. Supervision and Enforcement (Continued)

- f. Substantial savings to market patrons were effected in connection with requests for increases in yardage and commission rates. The largest saving resulted from the order of the Department's Judicial Officer in the Sioux City commission rate case where the level of rates finally ordered, as compared with the rates which the petitioners sought, is saving farmers and other users of this market approximately \$250,000 on an annual basis. As a result of informal negotiations a similar saving of \$55,000 was effected in the case of the Oklahoma City Livestock Exchange.

Standard Container Acts

1. Tests Made and Samples Obtained

There are approximately 205 factories making or equipped to make over 800 types of baskets, hampers, boxes, etc., subject to the provisions of the Acts. During the past fiscal year tests were made of sample containers obtained at or from 113 factories.

A total of 310 items (1,622 samples) were examined during the year. Of this number, 86 or 27.7 percent required correction. Corrections were accomplished in 71 instances, some dating from previous years.

2. Introduction of New Types of Containers

During the year plastic berry boxes and square corrugated paper hampers were approved and put into use. Several manufacturers submitted samples of one-half bushel continuous stave baskets, redesigned with smaller diameters to facilitate loading in Western refrigerator cars. These were being studied at the end of the year to determine their compliance with the Act. Samples were examined for two manufacturers to aid them in the development of a three-quarter bushel round stave basket acceptable to the trade for use as a package for peaches.

U. S. Warehouse Act

1. Licensed Warehouses

The number of warehouses licensed under the Act increased in fiscal year 1950 to 1,443 compared to 1,372 warehouses licensed in 1949. Over 92 percent of these were warehouses primarily for storing grain (861) and cotton (472). The remainder (110) stored wool, tobacco, nuts, broomcorn, dry beans, sirup, canned foods, cottonseed, cold pack fruit, seeds, and cherries in brine.

U. S. Warehouse Act (Continued)

2. Licensed Warehouse Capacity for Grain and Cotton Greatest Since Passage of Act

- a. The licensed cotton storage capacity exceeded 11,000,000 bales on June 30, 1950 which is an increase of almost 500,000 bales over June 30, 1949. Applications covering several warehouses with substantial capacity were being investigated at the close of the fiscal year.
- b. The licensed grain storage capacity increased approximately 43,750,000 bushels over June 30, 1949 to a total of over 380,000,000 bushels on June 30, 1950. Applications acted upon during the first four months of fiscal year 1951 increased the licensed capacity to over 400,000,000 bushels.

3. Inspection of Licensed Warehouses

- a. An average of 2.5 inspections per licensed warehouse were made during the year. The average number of inspections was lower than any year since passage of the Act with the exception of 1949 when an average of 2.3 was made.
- b. The inspection of scales and checking of weighing at licensed cotton warehouses was discontinued to avoid a further reduction in warehouse inspection activities.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and the role of the accounting department in ensuring the integrity of the financial statements. It also highlights the need for regular audits and the importance of transparency in financial reporting.

2. The second part of the document focuses on the implementation of internal controls to prevent fraud and ensure the accuracy of financial data. It outlines the key components of a robust internal control system, including segregation of duties, authorization procedures, and regular monitoring and evaluation.

3. The third part of the document addresses the challenges faced by organizations in managing their financial resources effectively. It discusses the importance of budgeting and forecasting, and provides practical advice on how to develop and maintain a sound financial plan.

4. The fourth part of the document explores the role of technology in modern accounting and finance. It discusses the benefits of using accounting software and the importance of staying up-to-date with the latest technological advancements in the field.

5. The fifth part of the document concludes by emphasizing the importance of ethical behavior in the accounting profession. It discusses the role of accountants as trusted advisors and the need to adhere to high standards of ethical conduct in all financial transactions.

REMOVAL OF SURPLUS AGRICULTURAL COMMODITIES

Purpose Statement

This is a permanent appropriation authorized by Section 32 of the Agricultural Adjustment Act of August 24, 1935 (Public Law No. 320, 74th Cong.) It provides that an amount equal to 30 percent of the gross receipts from customs duties each calendar year shall be made available to the Secretary of Agriculture during each succeeding fiscal year to encourage the exportation or domestic consumption or utilization of American agricultural commodities.

To encourage exports, Section 32 funds have been used to make direct payments to exporters, thus making it possible for them to purchase American agricultural commodities and sell them at lower prices in foreign markets. The Foreign Assistance Act of 1948, furthermore, authorizes the use of Section 32 funds to make payments, not exceeding 50 percent of the export sales price, to exporters or to Government agencies exporting surplus agricultural commodities to occupied areas and to countries participating in the European Recovery Program.

Section 32 export programs were carried on during fiscal year 1950 for cotton, eggs, flaxseed, honey, linseed oil, fresh oranges, orange juice, peanuts, fresh pears, dried prunes, fresh prunes, dried raisins, and wheat.

To increase domestic consumption by purchase and distribution, Section 32 funds are used to buy surplus agricultural commodities -- generally perishable commodities, such as fruits and vegetables. Foods thus acquired are made available to school lunch programs, charitable institutions serving needy persons, or to persons certified by welfare agencies as eligible for relief.

During fiscal year 1950, Section 32 purchases included dried eggs, dried beans, fresh apples, fresh pears, fresh prunes, dried prunes, dried raisins, dried milk, butter, snap beans, cabbage, Irish potatoes, spinach, turkeys, and sweetpotatoes.

To increase consumption these funds are also used to divert surplus commodities to by-products or new uses. During the fiscal year 1950, payments were made to manufacturers to encourage the fabrication of insulating materials from cotton. A program was carried on to divert surplus dried figs, dried prunes, and dried raisins to industrial uses and livestock feeding. Surplus almonds, filberts, and walnuts were also diverted to commercial uses and livestock feeding. To increase the domestic utilization of plentiful foods moving through normal channels of trade a Plentiful Foods Program is conducted. This program maintains close working relations with the producer, wholesale and retail groups, and with press, radio, and other public information media.

In accordance with the provision of Agricultural Act of 1949 requiring that this fund be used principally for perishable agricultural commodities, fifty-nine percent of this appropriation was used for surplus disposal operations in connection with such commodities.

The Agricultural Act of 1948 provides for the continued availability of unexpended balances of Section 32 funds, to the extent of \$300,000,000 for surplus removal and price support programs.

	<u>Estimated, 1951</u>	<u>Budget estimate, 1952</u>
Appropriated funds (Permanent appropriation)	\$111,192,249	\$150,000,000

(h) Removal of Surplus Agricultural Commodities
(Section 32)

Appropriation Act, 1951, and base for 1952	\$111,192,249
Budget estimate, 1952:	
30% of customs receipts, calendar year 1950..	\$150,000,000
Less proposed transfer to "International Wheat Agreement"	-76,808,000
	<u>73,192,000</u>
Decrease (in annual appropriation available for Section 32 purposes)	<u>-38,000,249</u>

NOTE: Due to an estimated carryover of \$51,354,976 from fiscal year 1951, a total of \$124,546,976 is estimated to be available for Section 32 purposes in fiscal year 1952. Of this total, the estimates tentatively forecast obligations of \$85,980,000 for fiscal year 1952, leaving a carryover of \$38,566,976 into fiscal year 1953.

PROJECT STATEMENT

Project	1950	1951 (estimated)	Increase or Decrease	1952 (estimated)
1. Direct purchases	\$41,897,629	\$76,586,442	\$20,306,442	\$56,280,000
2. Encouragement of exportation	25,249,080	24,151,000	-7,826,000	16,325,000
3. Diversion to by-products or new uses	7,612,674	1,775,000	+7,600,000	9,375,000
4. Surplus removal operating expenses	2,732,928	3,091,500	-316,500	2,775,000
5. Marketing agreements and orders	1,124,829	1,225,000	-	1,225,000
Total obligations	<u>78,617,140</u>	<u>106,828,942</u>	<u>-20,843,942</u>	<u>85,980,000</u>
Balance available in subsequent year	+46,991,669	+51,354,976	-12,788,000	+38,566,976
Total available for surplus removal operations	<u>125,608,809</u>	<u>158,183,918</u>	<u>-33,636,942</u>	<u>124,546,976</u>
Prior year balance available	-	-46,991,669	-4,363,307	-51,354,976
Transfer to "International Wheat Agreement Act, Department of Agriculture"	-	-	+76,808,000	+76,808,000
Payments received from non-Federal sources	-1,827	-	-	-
Total appropriation or estimate	<u>125,606,982</u>	<u>111,192,249</u>	<u>+38,807,751</u>	<u>150,000,000</u>

An increase of \$38,807,751 (from \$111,192,249 to \$150,000,000) is estimated in the annual appropriation due to an increase in customs receipts collected during the calendar year 1950. In order to assure having sufficient funds available to meet the unpredictable and fluctuating needs for surplus removal operations, the Agricultural Act of 1948 provided for the accumulation of unused balances of these funds to the extent of \$300,000,000. The unused balance estimated to be carried into the fiscal year 1952 is \$51,354,976 which, with

the estimated annual appropriation of \$150,000,000, makes a total of \$201,354,976 available under this appropriation.

As indicated in the above statement, the Budget Estimates for 1952 contemplate financing costs incurred under the International Wheat Agreement Act during fiscal year 1950 from these funds leaving a balance of \$124,546,976 available during the fiscal year 1952 for the surplus removal operations authorized by Section 32. Obligations for Section 32 purposes are tentatively estimated for fiscal year 1952 in the foregoing project statement at \$85,980,000 leaving a carryover of \$38,566,976 into fiscal year 1953.

For many years Section 32 funds have played an important role in stabilizing farm prices. In many instances the mere fact that these funds are available for Government programs strengthens the market to the point where it is unnecessary for any Government activity. Further, local and sporadic surpluses inevitably develop and funds should be available to relieve the market of these price depressing commodities. During periods of full production of agricultural products, there is even greater possibility of local market gluts and surpluses of perishables, particularly if shortages of transportation, packing materials, or labor develop when crops are being harvested.

The extent to which Section 32 funds will be required for surplus removal operations during fiscal year 1952 will depend upon weather conditions and the volume of agricultural production in this country and foreign countries, economic conditions generally, the extent of local market gluts, any many other complex and unpredictable factors.

As indicated in the above project statement present plans provide for program expenditures during fiscal year 1952 as follows: (1) Direct purchases, \$56,280,000 as compared \$76,586,442 for fiscal year 1951. Surplus commodities removed from the market under this program are distributed to schools, institutions, and welfare agencies. (2) Encouragement of exportation, \$16,325,000. This is \$7,826,000 less than estimated for fiscal year 1951 which is based on the assumption that foreign demand will decline due to improved foreign production. (3) Diversion to by-products or new uses, \$9,375,000 as compared with \$1,775,000 in fiscal year 1951. The increase of \$7,600,000 for this program is based on the assumption that local surpluses will develop in certain commodities beyond the domestic outlets available through direct purchases.

The distribution of funds by programs as indicated above is tentative since the method of handling the surpluses is determined at the time the need arises and is based upon the most effective means of relieving the market and utilizing the commodities through existing outlets or by developing new markets.

Section 32 funds have been specifically provided by law to cope with surplus problems. The latest expression of Congress concerning the importance of these funds to the agricultural economy is contained in authority which provides that these funds shall be devoted principally to perishable and non-mandatory price support commodities for which no other funds are available.

STATUS OF PROGRAM

Current Activities: This appropriation is available for expanding market outlets for farm commodities by removing from the market surplus agricultural commodities through:

- (a) Purchases for distribution through State distributing agencies to school lunch programs, and to welfare agencies and institutions eligible to receive such purchases.
- (b) Encouragement of exports through payments which will permit the sale of surplus commodities in foreign markets.
- (c) Encouragement of domestic consumption by diversion from normal channels of trade to by-products and new uses.

These funds are also used for the administration of marketing agreements and orders which aim to establish and maintain orderly marketing conditions for certain commodities and their products.

These programs directly or indirectly tend to maintain prices received by farmers for many commodities.

The Agricultural Act of 1949 provides that Section 32 funds shall be devoted principally to perishable non-basic agricultural commodities (other than those designated in Title II of the Agricultural Act of 1949) and their products. Commodities designated in Title II are: wool, including mohair, tung nuts, honey, Irish potatoes, milk, butterfat, and the products of milk and butterfat.

Recent progress and trends:

A. Purchases of agricultural commodities for distribution to authorized agencies:

- 1. During the fiscal year 1950 approximately 454 million pounds of agricultural commodities at a cost of 41,200,000 were purchased for distribution as follows:

- (a) Donations to school lunch programs, eligible institutions, and welfare recipients, 428 million pounds-\$41,724,000. Distribution of these commodities was made by 85 authorized agencies to the following participants:

- (1) 56,158 schools serving 10.1 million children
- (2) 3,371 institutions serving 1.0 million persons
- (3) 62,001 individual welfare recipients

- (b) Donations to public or non-profit agencies for use in demonstrating the value of specific agricultural surpluses for livestock feed or industrial products, 26 million pounds-\$560,000.

2. Quantity and Cost of Commodities Purchased for Distribution
During Fiscal Years 1949 and 1950

Commodity	Unit	1949		1950	
		Quantity	Value	Quantity	Value
Dairy products:					
Butter.....	lb.	- -	- -	19,157,499	\$12,778,197
Milk, nonfat dry..	lb	13,747,391	\$1,823,099	12,069,295	2,801,249
Fruits:					
Apricots, dried..	-	- -	*51,430	- -	- -
Apples, canned...	-	- -	*12,980	- -	- -
Apples, fresh....	bu	- -	- -	3,243,385	7,301,242
Apples, dried....	-	- -	*55,798	- -	- -
Applesauce, canned.....	-	- -	*180,361	- -	- -
Figs, dried.....	-	- -	* 26,751	- -	- -
Orange juice, canned.....	-	- -	*76,191	- -	- -
Peaches, dried...	-	- -	*133,675	- -	- -
Pears, fresh....	box	- -	- -	834,478	2,676,346
Plums, canned....	-	- -	45,186	- -	- -
Prunes, dried....	ton	3,381	806,547	390	97,938
Prunes, fresh....	bu	- -	- -	32,586	114,560
Raisins, dried...	ton	4,483	925,864	1,613	290,601
Honey.....	-	11,591,304	1,715,673	- -	181,337*
Poultry products:					
Eggs.....	lb	6,190,010	8,836,193	6,149,858	6,598,948
Turkeys.....	lb	- -	- -	8,648,473	3,650,380
Vegetables:					
Beans, dry.....	cwt	- -	- -	5,689	51,027
Beans, snap.....	bu	10,811	15,064	32,222	50,113
Cabbage.....	50# bag	121,000	135,831	105,472	128,972
Irish potatoes...	bu	5,229,520	10,650,193	3,339,758	4,857,430
Spinach.....	bu	- -	- -	50,000	44,459
Sweetpotatoes...	bu	153,117	293,810	56,903	137,228
Total.....		xxx	25,784,646	xxx	41,760,027

*Transportation costs on prior year purchases.

B. Encouragement of export of agricultural commodities:

1. Export payments totaling approximately \$25,000,000 were made during fiscal year 1950 to encourage the exportation of surplus agricultural commodities. Programs for the exportation of eggs, flaxseed, linseed oil, peanuts and a portion of the dried fruits were carried out under the provisions of the Foreign Assistance Act of 1948. The wheat export program was in effect from July 29, 1949 through November 4, 1949, and was conducted pursuant to the International Wheat Agreement.

2. Quantity of Commodities Exported and Payments Made During
Fiscal Years 1949 and 1950 (Excluding those made under the
Foreign Assistance Act)

Commodity	Unit	1949		1950	
		Quantity	Payments	Quantity	Payments
Cotton.....	bale:	18,840:	\$ 1,884:	2,600:	\$ 260
Eggs.....	lb :	7,644,285:	5,036,707:	5,672,511:	3,033,833
Fruits:	:	:	:	:	:
Apples, fresh.....	bu :	- - :	- - :	2,151,469:	2,566,633
Citrus juice, blend.:	case:	656:	328:	- - :	- -
Grapefruit, fresh...	box :	212,195:	175,192:	- - :	- -
Grapefruit, canned:	case:	1,600:	1,325:	- - :	- -
Grapefruit juice...	case:	7,741:	3,626:	- - :	- -
Orange juice, s.s.:	case:	3,870:	2,148:	72,033:	73,590
Orange juice, conc.:	gal :	16,329:	14,035:	48,600:	72,342
Oranges, fresh.....	box :	513,719:	582,936:	1,258,167:	2,063,176
Pears, fresh.....	box :	55,733:	25,080:	132,886:	166,102
Prunes, dried.....	ton :	48,996:	3,294,572:	42,364:	3,851,379
Raisins, dried.....	ton :	48,606:	3,480,594:	67,662:	5,677,000
Grain:	:	:	:	:	:
Flaxseed.....	bu :	4,099,379:	4,191,686:	320,755:	317,741
Wheat.....	bu :	- - :	- - :	6,244,853:	2,295,025
Honey.....	bu :	- - :	- - :	3,665,920:	164,956
Linseed oil.....	lb :	- - :	- - :	13,368,732:	407,851
Peanuts.....	lb :	159,277,580:	10,167,023:	62,032,959:	4,559,192
Total.....	:	xxx	26,977,136:	xxx	25,249,080

UNITED STATES DEPARTMENT OF AGRICULTURE
Production and Marketing Administration

3. Commodities Exported and Payments Made under Foreign Assistance Acts, Fiscal Years 1948, 1949, and 1950

Commodity	Unit	Total			Section 32			ECA			Army		
		Quantity	Payment		Quantity	Payment		Quantity	Payment		Quantity	Payment	
Dried fruits:													
Apricots.....	ton	1,261	\$ 574,652		1,261	\$ 143,663		--	--		1,261	\$ 130,989	
Dates.....	ton	681	135,110		681	33,777		--	--		681	101,333	
Figs.....	ton	6,158	1,124,222		6,158	281,056		--	--		6,158	843,166	
Peaches.....	ton	1,544	411,710		1,544	102,928		--	--		1,544	308,782	
Prunes.....	ton	86,357	17,603,740		86,357	6,014,095		33,967	\$ 4,677,765		52,390	6,911,880	
Raisins.....	ton	60,884	12,310,995		60,884	4,448,122		29,779	4,203,972		31,105	3,658,901	
Sub-total....		156,885	32,160,429		156,885	11,023,641		63,746	8,881,737		93,139	12,255,051	
Dried eggs.....	pound	13,316,796	16,141,082		13,316,796	8,070,541		12,712,836	7,670,417		603,960	400,124	
Frozen eggs.....	pound	37,463,534	13,185,414		37,463,534	6,592,707		37,463,534	6,592,707		--	--	
Flaxseed.....	bushel	4,420,135	28,793,810		4,420,135	4,509,427		4,038,030	22,104,322		382,105	2,180,061	
Linseed oil.....	pound	13,368,732	2,642,810		13,368,732	407,851		13,368,732	2,234,959		--	--	
Peanuts shelled..	pound	221,310,539	35,411,890		221,310,539	14,726,215		172,540,525	16,318,550		48,770,014	4,367,125	
Total.....		XXX	128,335,435		XXX	45,330,382		XXX	63,802,692		XXX	19,202,361	

C. Diversion of agricultural commodities to by-products and new uses

Approximately \$3,500,000 was used to divert dried fruits to livestock feed, juices, and pharmaceuticals and \$4,000,000 to divert tree nuts to livestock feed and industrial uses. Sorghum grains, costing approximately \$26,000, were diverted for demonstration purposes and \$19,900 was required to liquidate the cotton insulation program.

Quantity of Commodities Diverted and Payments Made During Fiscal Years 1949 and 1950

Commodity	Unit	1949		1950	
		Quantity	Payments	Quantity	Payments
Cotton	bale	10,988	\$233,487	1,448	\$19,900
Figs	ton	2,583	193,234	192	11,580
Prunes	ton	- -	- -	31,349	1,869,402
Raisins	ton	- -	- -	19,274	1,541,920
Pears, fresh	box	108,367	48,765	- -	- -
Sorghum grains	cwt	- -	- -	13,520	26,386
Tree nuts:					
Almonds (shelled)	lb.	- -	- -	2,389,867	760,870
Filberts (unshelled)	lb.	- -	- -	4,216,018	264,453
Walnuts	lb.	- -	- -	8,497,754	2,949,635
Total		xxx	475,486	xxx	7,444,146

D. Food preservation and marketing of abundant foods:

The work performed under this program supplemented the Direct Distribution Program by (1) furnishing assistance and advice in the preservation of foods and in the operation of preservation centers and (2) encouraging the consumption of plentiful foods through normal channels of trade.

1. Food Preservation Program

- (a) Surplus foods preserved during fiscal years 1949 and 1950 by local preservation centers for redistribution in processed form to schools and other outlets

Commodity	Fiscal Year 1949		Fiscal Year 1950	
	Pounds		Pounds	
Fruits:				
Apples, fresh	2,779,958		1,277,504	
Apples, dried	30,000		- -	
Figs, dried	170,910		- -	
Peaches, dried	3,720		- -	
Pears, fresh	- -		15,000,000	
Prunes, dried	254,250		39,330	
Prunes, fresh	- -		184,030	
Raisins, dried	139,230		- -	

Commodity	Fiscal Year 1949		Fiscal Year 1950	
	:	Pounds	:	Pounds
Vegetables:	:		:	
Cabbage	:	136,500	:	- -
Irish potatoes	:	168,600	:	- -
Sweetpotatoes	:	172,700	:	- -
Turkeys	:	- -	:	76,486
Total	:	3,855,868	:	16,577,350

In addition to the wide use made of the preservation centers in utilizing donated commodities, many States are broadening the use made of these centers to meet the needs of school lunch programs and tax-supported institutions. In the State of Washington, for example, food purchased from local farmers and canned for nine State institutions included 7 tons of snap beans, 130 tons of apricots, 20 acres of corn, and large quantities of peaches, cherries, pears, apples, prunes, beets, and tomatoes.

(b) Assistance and advice furnished to non-profit food preservation centers during fiscal years 1949 and 1950

Project	Fiscal Year 1949		Fiscal Year 1950	
	:	Number	:	Number
Workshops conducted in food preservation training ..	:	120	:	51
Technical assistance furnished in modifying canneries and installing equipment	:	229	:	300
Plant surveys performed ..	:	85	:	176
Floor plans and equipment drawings developed and used	:	65	:	93

2. Marketing of Abundant Foods Program

Programs conducted during fiscal years 1949 and 1950 to move extra quantities of plentiful foods through normal channels of trade

Projects	Fiscal Year 1949		Fiscal Year 1950	
	:	Number	:	Number
Average number of foods listed on monthly abundant foods list	:	20	:	52
Distribution of monthly abundant foods list	:	7,000	:	25,000
National food drives conducted:	:	7	:	15
Area, State and local food drives conducted	:	- -	:	14

E. Marketing agreements and orders:

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Marketing Agreements and Orders were in effect during fiscal years 1949 and 1950 for (1) milk and (2) tree nuts, tree fruits, potatoes, and other vegetables as follows:

1. Activities under the Milk Marketing Agreement and Order Programs during Fiscal Years 1949 and 1950

Activity	F.Y. 1949	F.Y. 1950
Agreement and Order Programs in effect.....	30	37
Hearings held to consider amendments to existing orders or the issuance of orders in new areas.....	37	39
Requests received for new programs.....	16	26
Amendments issued to existing orders.....	43	24
Suspensions issued to existing orders.....	8	8
Petitions received for review of various order provision.....	14	16
Petitions disposed of during year.....	6	21
Court cases started during the year.....	19	11
Court cases disposed of during the year.....	13	17
Hearings held under Administrative Procedures Act....	4	3
Applications reviewed from cooperatives for qualifications to participate under the Act.....	15	17
Cases disposed of under the Act.....	17	29

2. Milk Marketing Agreement and Order Programs in Effect for Fluid milk during fiscal year 1950

Markets	Est. No. of Producers	Est. annual production in milkshed (1,000 pounds)
Illinois.....:Chicago & suburban, Rockford-Freeport	24,379	3,791,208
Illinois-Iowa...:Quad Cities	1,430	128,154
Indiana.....:Fort Wyane, South Bend-LaPorte	2,094	185,586
Iowa.....:Clinton, Dubuque, Sioux City	881	82,479
Kansas.....:Topeka, Wichita	1,089	113,744
Kentucky.....:Louisville, Paducah	2,341	255,586
Ky.-Ohio-W.Va. :Tri-State	1,681	129,028
Louisiana.....:New Orleans (61-70 mile zone)	2,756	230,880
Massachusetts...:Boston, Fall River, Lowell-Lawrence	:	:
: Springfield, Worcester	17,429	1,775,892
Minnesota.....:Minneapolis-St. Paul	5,679	54,238
Minn.-Wisconsin:Duluth-Superior	1,385	106,545
Missouri.....:St. Louis	4,038	445,205
Missouri-Kansas:Kansas City	2,602	277,547
Nebraska-Iowa...:Omaha-Council Bluffs	2,150	130,726
New York.....:New York (201-210 mile zone)	49,414	6,888,981
Ohio.....:Cincinnati, Cleveland, Columbus,	:	:
: Dayton-Springfield, Lima, Toledo	20,399	1,687,939
Oklahoma.....:Oklahoma, City, Tulsa	1,938	41,095
Pennsylvania...:Philadelphia	9,057	1,091,280
Tennessee.....:Knoxville, Nashville	1,412	187,510
Total, 37 Markets.....	152,144	17,603,623

3. Activities under the Fruit and Vegetable Agreement and Order Programs during Fiscal Years 1949 and 1950

Activity	: Fiscal	
	: Year	
	: 1949	: 1950
Agreement and order programs in effect	21	28
Hearings held to consider amendments to	:	:
existing orders or the issuance of orders	:	:
in new areas	11	19
Requests received for new programs	7	22
Amendments issued to existing orders	3	6
Suspensions issued to existing orders	0	0
Petitions received for review of various order:	:	:
provisions	8	0
Petitions disposed of during the year	7	1
Regulatory orders issued under provisions	:	:
of marketing order	230	201
Appointment of administrative or control	:	:
committees	39	52
Promulgation of committee rule making	35	43
Committee budgets approved	31	52

4. Fruits and Vegetables Marketing Agreement and Order Programs
in Effect during 1950 Fiscal Year

Commodity	:Estimated : :Number of : Estimated :Commercial: Farm Value :Producers :
Citrus fruits:	:
California-Arizona desert grapefruit	2,000 : \$2,600,000
California-Arizona lemons	6,100 : 32,300,000
California-Arizona oranges	20,000 : 71,200,000
a/Florida oranges	(: 124,900,000
a/Florida grapefruit	(15,000 : 43,300,000
a/Florida tangerines.....	(: 6,500,000
Deciduous fruits:	:
California Tokay grapes	1,900 : 4,700,000
Colorado peaches	2,600 : 3,245,000
Georgia peaches	2,400 : 6,018,000
Utah peaches	1,300 : 1,167,000
b/California Bartlett pears	1,200 : 10,499,000
b/California plums	900 : 8,400,000
b/California Alberta peaches	500 : 5,000,000
California Beurre Hardy pears	300 : 400,000
Oregon-Washington-California fall	:
and winter pears	3,000 : 13,104,000
Oregon-Washington fresh prunes	600 : 4,000,000
Dried fruits:	:
California dried prunes	7,500 : 24,987,000
California raisins	12,000 : 33,578,000
Vegetables:	:
c/Colorado peas	160 : 780,000
c/Colorado cauliflower	200 : 798,000
Potatoes:	:
Idaho-Oregon	10,535 : 41,500,000
Colorado	3,297 : 24,900,000
Oregon-California	1,278 : 14,000,000
Michigan-Wisconsin-Minnesota-	:
North Dakota	15,558 : 80,200,000
Virginia-North Carolina	4,609 : 16,400,000
New Jersey	1,155 : 10,800,000
Eastern South Dakota	218 : 1,100,000
Maine	5,213 : 67,000,000
Washington	1,028 : 14,000,000
Nuts:	:
Oregon-Washington filberts	3,800 : 2,473,000
Southeastern pecans	20,500 : 9,327,000
California-Oregon-Washington walnuts	19,000 : 27,540,000
Hops:	:
California-Oregon-Washington-	:
Idaho hops	843 : 21,584,000
Total	- - : 728,300,000

a/ One Program

b/ One program

c/ One program

(1) Local Administration, Section 388,
Agricultural Adjustment Act of 1938

This appropriation account for FMA county offices was established pursuant to sections 392(a) and 388(b) of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1231-1407). There are transferred into this appropriation account amounts estimated by the Secretary of Agriculture to be required for carrying out or cooperating in carrying out various programs assigned to the FMA county offices.

The FMA county and community committees are responsible for the local administration of all programs of the Production and Marketing Administration dealing directly with farmers. The elected FMA county committee is in charge of the county offices.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1951, as shown below and base for 1952	\$41,203,646
Transfers, 1952, as shown below	39,509,000
Decrease	<u><u>-1,694,646</u></u>

STATEMENT OF SOURCES, PURPOSES, AND AMOUNTS OF FUNDS TRANSFERRED
(As shown in Budget Schedules)

Purpose for which funds are transferred into this account :	1950	1951 (estimated)	1952 (estimated)	Increase or Decrease
<u>Conservation and Use of</u>				
<u>Agricultural Land</u>				
<u>Resources:</u>				
For administration of Ag-				
ricultural Conservation				
Program	\$20,854,000:	\$20,284,000:	\$20,284,000:	- -
<u>Acreage Allotments and</u>				
<u>Marketing quotas:</u>				
For administration of				
acreage allotment and				
marketing quota programs:	24,903,450:	20,500,000:	18,805,000:	-\$1,695,000
<u>Sugar Act Program:</u>				
For administration of				
sugar payment program ..	385,000:	345,000:	345,000:	- -
<u>Removal of Surplus Agricul-</u>				
<u>cultural Commodities:</u>				
For services in connec-				
tion with certain dis-				
tribution and purchase				
programs	79,602:	75,000:	75,000:	- -
Total available 2/ ...	<u>1/46,222,052:</u>	<u>1/41,204,000:</u>	<u>1/39,509,000:</u>	<u>-1,695,000</u>

(Continued on next page)

Purpose for which funds are transferred into this account	1950	1951 (estimated)	1952 (estimated)	Increase or Decrease
Transferred to "Operating Expenses, General Services: Administration"	- -	-354:	- -	+354
Total obligations	46,222,052:	41,203,646:	39,509,000:	-1,694,646

- 1/ Includes allotments to the Forest Service for administration of the Naval Stores Conservation Program as follows: 1950, \$105,051; 1951, \$108,425; 1952, \$108,425.
- 2/ Does not include reimbursements received directly by the county committees for services rendered Federal agencies.

(j) Administrative Expenses, Section 392,
Agricultural Adjustment Act of 1938

This appropriation account for National and State operating expenses was established pursuant to section 392 of the Agricultural Adjustment Act of 1938, as amended (7 U.S.C. 1281-1407). There are transferred into this appropriation account amounts estimated by the Secretary of Agriculture to be required for carrying out, or cooperating in carrying out, various programs assigned to the National and State FIA offices.

The State Committees, appointed pursuant to the provisions of section 8(b) of the Soil Conservation and Domestic Allotment Act, are in general administrative charge of all programs in their respective States which are assigned to them by the Production and Marketing Administration. Within the framework of the national policy, they determine State policies and direct the adaptation of the national programs to the State.

The amounts transferred into this appropriation account are within the limitation for administrative expenses established under the respective appropriations from which such transfers are made. The justification of the increases and decreases is contained in the statements for the various appropriation items involved.

Transfers, 1951, as shown below and base for 1952	\$11,223,259
Transfers, 1952, as shown below	11,129,689
Decrease	<u>-93,570</u>

STATEMENT OF SOURCES, PURPOSES, AND AMOUNT OF FUNDS TRANSFERRED
(As shown in Budget Schedules)

Purpose for which funds are transferred into this account	1950	1951 (estimated)	1952 (estimated)	Increase or Decrease
<u>Conservation and Use of Agri- cultural Land Resources:</u>				
For administration of Agri- cultural Conservation Program	\$4,992,439	\$4,966,000	\$4,966,000	- -
<u>Acreage Allotments and Market- ing Quotas:</u>				
For administration of acreage allotments and marketing quota programs	4,967,324	5,000,000	4,900,000	-\$100,000
<u>Sugar Act Program:</u>				
For administration of sugar payment program	729,260	730,000	730,000	- -
<u>National School Lunch Program:</u>				
For services in connection with the school lunch program:	86,620	121,347	121,347	- -

(Continued on next page)

Purpose for which funds are transferred into this account	1950	1951 (estimated)	1952 (estimated)	Increase or Decrease
<u>Removal of Surplus Agricultural</u>				
<u>Commodities:</u>				
For services in connection with certain distribution and purchase programs	503,290:	412,342:	412,342:	- -
Total available	11,278,933:	11,229,689:	11,129,689:	-100,000
Transferred to "Operating ex- penses, General Services Administration"	- -	-6,430:	- -	+6,430
Unobligated balance, estimated savings	-293,506:	- -	- -	- -
Total obligations	1/10,985,427:	2/11,223,259:	3/11,129,689:	-93,570

- 1/ Includes allotments Forest Service \$19,695; Extension Service \$950; Bureau of Agricultural Economics \$40,261.
- 2/ Includes allotments Forest Service \$21,304; Extension Service \$1,000; Bureau of Agricultural Economics \$22,000.
- 3/ Includes allotments Forest Service \$21,304; Extension Service \$1,000.

STATEMENT OF ALLOTMENTS, WORKING FUNDS, AND TRUST FUNDS

Item	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
<u>Research and Marketing Act of 1946</u> <u>(Title II), Department of Agriculture</u> <u>(Production and Marketing</u> <u>Administration):</u>			
Marketing research and services ..	\$2,599,411:	\$2,533,000:	\$2,395,500
<u>Flood Control, Department of Agriculture</u> <u>(Production and Marketing</u> <u>Administration):</u>			
For collection, tabulation and analysis of county data on con- servation needs of the areas cov- ered by survey reports; and to assist in the preparation and analysis of proposed reports	- -	114,000:	102,300
<u>Supply and Distribution of Farm</u> <u>Labor, Department of Agriculture</u> <u>(Production and Marketing Adminis-</u> <u>tration):</u>			
Expenses in connection with the disposal of farm labor camp facilities	74,648:	- -	- -
<u>Payments for Agricultural Adjustment:</u>			
For claims incurred under the pro- visions of the Agricultural Adjust- ment Act, as amended (Rental and Benefit payment program)	20:	- -	- -
<u>Perishable Agricultural Commodities</u> <u>Act Fund:</u>			
For licensing dealers and handling complaints under the Perishable Agricultural Commodities, Produce Agency, and Export Apple and Pear Act	297,910:	375,000:	375,000
<u>Working Fund, Agriculture (Production</u> <u>and Marketing Administration)</u>			
<u>Advanced from Department of Army:</u>			
Inspection of processed fruits and vegetables	201,429:	208,751:	- -
Inspection of miscellaneous grain and cereal products	30,228:	100,000:	- -
Total, Department of Army	231,657:	308,751:	- -

(Continued on next page)

Item	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
<u>Working Fund, Agriculture, General</u>			
<u>(Production and Marketing Adminis-</u>			
<u>tration) Advanced from:</u>			
<u>Department of the Air Force:</u>			
Indexing and preparation of aerial			
photographs for mosaics and			
charting purposes	114,143:	131,270:	- -
<u>Department of the Army:</u>			
To cover the cost of providing in			
connection with a comprehensive			
survey of the Arkansas-White-Red			
River basin	- -	19,000:	- -
Total, Working Fund, Agricul-			
ture, General	114,143:	150,270:	- -
Total, Working Funds	345,800:	459,021:	- -
<u>Trust Funds</u>			
<u>Expenses and Refunds, Inspection and:</u>			
<u>Grading of Farm Products:</u>			
Inspection and grading and certi-			
fication of:			
Fresh and processed fruits and			
vegetables	1,603,537:	1,458,720:	1,500,000
Dairy and poultry products	2,512,588:	2,624,620:	2,600,000
Rice, hay, beans, peas, seed,			
hops and miscellaneous agri-			
cultural commodities	516,342:	565,670:	550,000
Meats and wool	1,387,525:	1,437,075:	1,425,000
Naval stores	21,139:	27,250:	25,000
Total	6,041,131:	6,113,335:	6,100,000
<u>Grading of Agricultural Commodities,</u>			
<u>Department of Agriculture:</u>			
Classification of cotton	257,116:	- -	30,000
Grading of wool and mohair	408,209:	35,000:	- -
Total	665,325:	35,000:	30,000
<u>Indemnity Funds, County Associa-</u>			
<u>tions:</u>			
Assessments derived from each			
county agricultural conservation			
association to insure reimburse-			
ment to affected persons or			
agencies for losses of money or			
property by negligence or mal-			
feasance by any employee of the			
association	807:	500:	500

Item	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
Trust Funds - continued			
Moisture Content and Grade Determinations for Commodity Credit Corporation:			
Testing and sampling of commodities to determine loan eligibility under commodity loan programs:	2,404,490:	- -	- -
Undistributed Cotton Price Adjustment Payments:			
Deposits by trustees until proper distribution could be made to the persons entitled to share in a farms payment under the 1935 cotton prices adjustment program	2,866:	126:	100
Return of Excess Deposits for Reproduction of Photographs, Mosaics, and Maps (Production and Marketing Administration):			
For return of moneys received for photographic reproductions in excess of cost of making such reproductions	- -	46,205:	- -
Miscellaneous Contributed Funds, Department of Agriculture (Production and Marketing Administration):			
For miscellaneous contributed funds received from States, local organizations, individuals, etc., deposited in the Treasury of the United States and made available for work under cooperative agreements	169,198:	100,000:	90,000
Total, Trust Funds	9,283,817:	6,295,166:	6,220,600
Expenses of Defense Production, Executive Office of the President (Allotment to Agriculture)(Production and Marketing Administration):			
For carrying out the provisions of the Defense Production Act of 1950	- -	a/ 600,000:	- -

a/ Allotment as of December 31, 1950.

(Continued on next page)

Item	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
<u>Mutual Defenses, Assistance, North Atlantic Area, Executive Office of the President (Allotment to Agriculture)(Production and Marketing Administration):</u>			
For procurement of commodities for Yugoslavia pursuant to authorization of the Department of State .	- -	a/13,600,000:	- -
<u>Foreign Assistance, Executive Office of the President (Allotment to Agriculture)(Production and Marketing Administration):</u>			
Administrative expenses	150,194:	144,500:	- -
<u>Mutual Defense Assistance, Greece and Turkey, Executive Office of the President (transfer from Economic Cooperation Administration to Agriculture)(Production and Marketing Administration):</u>			
For providing or procuring services: or commodities including transportation and other necessary costs for the Economic Cooperation Administration for distribution to Greece and Turkey	1,711,247:	a/ 155,753:	- -
<u>Expenses, ECA, Executive Office of the President (Allotment to Agriculture)(Production and Marketing Administration):</u>			
For purchase of agricultural commodities for the ECA for distribution to foreign claimants	263,012,501:	147,885,488:	- -
<u>Expenses, China Aid, ECA (Allotment to Agriculture)(Production and Marketing Administration):</u>			
For purchasing, procuring, and transporting agricultural commodities for the ECA for distribution to China	- -	15,000,000:	- -

a/Allotments as of December 31, 1950.

(Continued on next page)

Item	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
<u>Relief in Occupied Area of Germany,</u> <u>ECA, (Allotment to Agriculture)</u> <u>(Production and Marketing Adminis-</u> <u>tration):</u>			
For providing or procuring services:			
or commodities including trans-			
portation and other necessary			
costs for the Economic Cooperation:			
Administration for distribution			
to Occupied Area of Germany	86,550,483:	- -	- -
<u>Deposits, Advances for Economic</u> <u>Assistance, ECA, (Advance to Agri-</u> <u>culture, Production and Marketing</u> <u>Administration):</u>			
For providing or procuring services:			
or commodities including trans-			
portation and other necessary			
costs for the Economic Cooperation:			
Administration for distribution			
to India	- -	2/ 7,000,000:	- -
<u>Assistance to the Republic of Korea,</u> <u>ECA (Allotment to Agriculture)</u> <u>(Production and Marketing Adminis-</u> <u>tration):</u>			
For procurement of services or			
commodities including transporta-			
tion and other necessary costs			
for the Economic Cooperation			
Administration for distribution			
to Korea	- -	2/ 1,453,000:	- -
TOTAL, OBLIGATIONS UNDER ALLOTMENTS,			
WORKING FUNDS, AND TRUST FUNDS ...	364,026,031:	195,614,928:	9,093,400

2/ Allotment as of December 31, 1950.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the transparency and accountability of the organization. This section also outlines the various methods used to collect and analyze data, ensuring that the information is reliable and up-to-date.

2. The second part of the document focuses on the implementation of these practices. It details the steps involved in setting up a robust system for data collection and analysis. This includes identifying the key areas of focus, selecting appropriate tools and technologies, and training staff to ensure they are proficient in using the system. The goal is to create a seamless process that allows for easy access to data and quick identification of trends.

3. The third part of the document addresses the challenges associated with data management. It recognizes that while the benefits of a well-implemented system are significant, there are also potential pitfalls. These include issues related to data security, privacy, and the integration of different data sources. The document provides strategies to mitigate these risks, such as implementing strong security protocols and ensuring that data is shared responsibly.

4. The final part of the document concludes with a summary of the key findings and recommendations. It reiterates the importance of a proactive approach to data management and encourages the organization to continue to refine its processes as it evolves. The document also includes a list of references and a glossary of terms to facilitate further research and understanding.

PASSENGER MOTOR VEHICLES

The 1952 estimates provide for the replacement of 76 passenger motor vehicles, representing 19 percent of the total cars available to the Production and Marketing Administration. These replacements include: 46 cars for the Marketing Service activities; 6 cars for the Commodity Credit Corporation and related supply programs; 21 cars for Market Inspection and related trust fund activities; 2 cars for Perishable Agricultural Commodities Act Fund activities, and 1 car for use in connection with activities conducted by the PMA Insular Office at Puerto Rico.

The vehicles to be replaced will be over 6 years old or will have been operated more than 60,000 miles at the time of trade-in. The number of passenger vehicles estimated to be available in 1952 represents the minimum required to maintain essential services of the current programs of the Production and Marketing Administration.

COMMODITY EXCHANGE AUTHORITY

Purpose Statement

The Commodity Exchange Authority administers the Commodity Exchange Act of September 21, 1922, as amended.

The major objectives of the act are: to prevent commodity price manipulation and corners; prevent dissemination of false and misleading crop and market information affecting commodity prices; protect hedgers and other users of the commodity futures markets against cheating, fraud, and manipulative practices; insure the benefits of membership privileges on contract markets to cooperative associations of producers; insure trust-fund treatment of margin moneys and equities of hedgers and other traders and prevent the misuse of such funds by brokers; and provide information to the public regarding trading operations on contract markets.

The basic act was designated as the Grain Futures Act and conferred limited authority with respect to futures trading in grains only. By amendment of June 15, 1936, its short-title designation was changed to "Commodity Exchange Act", its regulatory provisions strengthened and extended to cotton, mill-feeds, butter, eggs, potatoes, and rice. By amendment of April 7, 1938, wool tops were added to the commodities subject to the act; and fats and oils, cottonseed, cottonseed meal, peanuts, soybeans, and soybean meal were added by the act of October 9, 1940.

At the present time futures trading is conducted in 19 commodities on 18 exchanges. During the 1950 fiscal year trading in all grain futures aggregated 11 billion bushels of which wheat accounted for 4201 million bushels. Trading in cotton futures aggregated 52 million bales. It is estimated that futures trading in all commodities amounted to 32.4 billion dollars during the 1950 fiscal year, nearly twice the value of all transactions in stocks and bonds on all registered securities exchanges.

Federal supervision over futures trading is carried out by licensing commodity exchanges, registering futures commission merchants and floor brokers, reviewing exchange rules and regulations; compiling, reviewing and releasing information on futures trading; auditing brokers' books, and records to assure segregation of customers' funds; examining brokers' financial statements; analyzing and appraising futures trading, cash-futures relationships, deliverable supplies, and price movements; establishing and enforcing limits on speculative trading; and investigating and aiding in the prosecution of violations.

These functions are performed through a central organization in Washington and five field offices, located in the commodity markets at Chicago, Kansas City, Minneapolis, New Orleans, and New York. On November 30, 1950, the Commodity Exchange Authority had 111 employees, 33 of whom were stationed in Washington, D. C. and 78 in the field offices.

	Estimated, <u>1951</u>	Budget estimate, <u>1952</u>
Appropriated funds	\$650,000	\$650,000

Salaries and Expenses

Appropriation Act, 1951 and base for 1952	\$650,000
Budget Estimate, 1952	650,000
Change	- -

SUMMARY OF INCREASES AND DECREASES, 1952

For enforcement of speculative limits	+24,350
For analysis and publication of reports on speculation	+23,000
For additional trade practice surveys	+10,000
Decrease due to partial completion of establishment of speculative limits	-13,000
Decrease due to providing a direct appropriation to the General Services Administration for certain procurement and leasing costs previously paid from this appropriation	-44,350

PROJECT STATEMENT

Project	1950	1951 (estimated)	Increase or decrease		1952 (estimated)
			GSA adjustment	Other	
1. Licensing ...	\$43,215	\$46,000	-\$2,700	- -	\$43,300
2. Supervision of futures trading	287,389	310,000	-25,450	+\$47,350(1)	331,900
3. Audits	131,417	140,500	-8,100	- -	132,400
4. Investigations	105,403	115,500	-5,400	+10,000(2)	120,100
5. Establishment of speculative limits	- -	38,000	-2,700	-13,000(3)	22,300
Unobligated balance	376	- -	- -	- -	- -
Total appropria- tion or esti- mate	567,800	650,000	-44,350	+44,350	650,000

INCREASES AND DECREASES

While the Budget Estimate for fiscal year 1952 is in the same amount as the 1951 appropriation, it reflects a decrease of \$44,350 due to providing a direct appropriation to the General Services Administration for certain procurement and leasing costs previously paid from this appropriation offset by a net increase of \$44,350, as follows:

(1) Increase of \$47,350 under the project "supervision of futures trading" consisting of:

(a) Increase of \$24,350 to provide for enforcement of speculative limits established in fiscal 1951:

Objective: Establishment of speculative limits on soybeans, eggs, lard, cottonseed oil, soybean oil and wool tops during fiscal 1951 will result in an increased workload involving day-to-day enforcement of

such limits. The outbreak of hostilities in Korea resulted in an influx of speculation in the Nation's commodity markets which greatly accentuated the importance to the national economy of the supervision and restriction of such speculation. The principal means with which to deal with this problem is the statutory authority for limitations on the speculative trading and positions of large traders. Such limits have been placed on cotton and grain and it is expected that limits will be placed upon soybeans, eggs, lard, cottonseed oil, soybean oil, and wool tops during the 1951 fiscal year.

The effectiveness of such limits and their value to the Nation's economy is entirely dependent upon the efficiency with which they are enforced. Various devices have been employed in grains and cotton to make it difficult if not impossible to discover violations of such limits. The two principal ones are the use of fictitious names and the use of relatives or friends in reporting trading operations. When such trading is carried on through a number of aliases or the names of friends or relatives and also through a number of different brokers, only by the most careful scrutiny can such violations of the law be detected and the purposes of the limitation effectuated.

Plan of Work: Commodity exchange analysts (persons intimately acquainted with trading practices on the futures markets) will scrutinize the daily reports required of every person holding or controlling positions of a specified amount. Amounts prescribed for reporting purposes are smaller than limits on speculative trading and positions, and the daily reports provide a means for systematic scrutiny of positions close to the speculative limit and quick detection of violations. In the daily reports by large traders, positions are classified as hedging or speculative, and examinations of books and records are necessary to insure that positions reported as hedging are not in fact speculative. Any effort by an individual or group to exceed the limits by trading in concert or under fictitious names must also be detected and prevented.

(b) An increase of \$23,000 to provide for the compilation, analysis, and verification of classification of commodity futures trading:

Objective: At the present time, the trading of persons subject to the reporting requirements of the act constitutes only about 15 percent of all trades. Systematic collection of information on the amount and proportion of speculative and hedging trading and positions of the remaining 85 percent of the market consisting primarily of smaller traders is essential for appraisal of the character of trading in futures markets.

Plan of Work: Daily reports giving a breakdown of trading as between speculative and hedging accounts would be required of all exchange clearing members, and periodic reports on speculative and hedging positions from all futures commission merchants. These reports, which it is estimated would total about 250,000 a year, would be tabulated on IBM equipment now available in the CEA field offices. Analysis of the data would provide a factual basis for administrative action, and summary reports would be published periodically for the information and guidance of the public. Continuous comparison of

of reports by large traders and commission merchants' reports of their trading and positions, and in some instances investigations of the operations of nonreporting traders would be made to maintain a high standard of fidelity in the classification by commission merchants of accounts as speculative or hedging.

(2) An increase of \$10,000 under the project "investigations" to provide for more frequent trade practice surveys:

Objective: As one means of reducing fraud and dishonesty in the commodity futures markets, the Commodity Exchange Authority has developed what is known as a "trade practice survey." This is a comprehensive investigation of the details and manner of execution of every transaction in a selected commodity future on a selected market for a specified period of time. By this means it is possible to detect and take action regarding any instance of illegality which may be disclosed.

Plan of Work: Skilled market observers (accountants and investigators) make detailed checks of the course of transactions from the purchaser through the marketing machinery and the actual execution in the pit, or ring, on out to the seller on the other side of the transaction. Such examinations are made as of certain selected days, usually when volume of trading and price movements are abnormal. Legal evidence of instances of violation is collected and remedial action taken through administrative procedures or criminal prosecution.

(3) A decrease of \$13,000 due to partial completion of establishment of speculative limits:

It is believed that the \$38,000 available for fiscal 1951 for this project will permit the establishment of limits on speculative trading and positions in soybeans, eggs, lard, cottonseed oil, soybean oil, and wool tops. It is anticipated that only \$25,000 will be required for the establishment of speculative limits affecting additional commodities such as cottonseed meal, soybean meal, bran, shorts, butter, and potatoes during fiscal year 1952, permitting a reduction of \$13,000 in this item.

STATUS OF PROGRAM

Objective and Functions: The purpose of the Commodity Exchange Act is to prevent price manipulation and corners and to insure fair practice and honest dealing on commodity exchanges. Enforcement of the act requires supervision of 18 commodity exchanges designated as "contract markets." Enforcement is a continuous process involving:

1. Market designation and broker registration: (a) Designation of commodity exchanges as contract markets; (b) annual registration of futures commission merchants and floor brokers; and (c) continuing review of exchange rules and regulations.
2. Supervision of futures trading: (a) Compilation, audit, tabulation and review of trade reports and current market analyses; (b) enforcement of speculative limits; (c) review of market news and letters; (d) maintenance of a quotation and ticker service; (e) analysis of cash commodity transactions; (f) cooperative activities with control committees of contract markets; (g) observance of floor trading; and (h) compilation and publication of market information.
3. Prevention of misuse of customers' funds: (a) Audit and examination of records of futures commission merchants and (b) analysis of brokers' financial statements.
4. Investigation and control of trade practices: (a) Investigation of complaints and alleged and apparent violations; (b) trade practice audits and surveys; (c) investigation of delivery practices; and (d) preparation and presentation of evidence of violations in administrative hearings and judicial proceedings.
5. Establishment of speculative limits: Fix such limits on speculative futures transactions and open contracts on contract markets as may be found necessary to diminish, eliminate or prevent sudden or unreasonable fluctuations in futures prices.

Recent Activities:

FUTURES TRADING

Volume of trading.- The volume of futures trading supervised during the 1950 fiscal year showed mixed trends, nine commodities recording increases and ten showing declines. Trading in wheat futures totaled 4,301,964,000 bushels, a decline of 7 percent from the previous year. Trading in corn futures totaled 2,013,400,000 bushels, a decrease of 45 percent, but trading in soybean futures aggregated 3,613,906,000 bushels, an increase of 135 percent over the previous year. Trading in cotton futures amounted to 52,697,000 bales, compared with 63,385,000 bales during 1949. Rye futures trading at 581,637,000 bushels was up more than 300 percent, while trading in cottonseed oil at 4,535 million pounds, an increase of 42 percent, set an all-time high on CEA records.

The estimated dollar value of all trading supervised by CEA was \$32,351,445,000, a decline of 3 percent from the 1949 total.

Reports.- A total of 520,000 reports showing futures transactions, open contracts, or cash positions were submitted by futures commission merchants and large traders in "special account" status during the fiscal year 1950. This is a decrease of only 1.5 percent under the previous year, when 528,000 reports were filed.

Notices of delivery.- There were a total of 21,660 copies of delivery notices submitted by clearing members during the year for all commodities, an increase of 10 percent over the 19,695 notices filed last year. The processing of the information contained in each individual notice, such as the grades delivered, the number of transfers, the issuer and stopper is an important but time consuming part of the work and forms the basis of most of the information compiled by the CEA concerning the settlement of futures contracts by delivery.

Transactions in futures.- The total number of transactions (purchases and sales in terms of contract units) for all commodities amounted to 7,115,000, a 2.2 percent decrease from the 7,273,000 transactions last year, and a 23.4 percent increase over the 10-year (1940-49) average of 5,773,000 transactions.

Special calls.- There were 5 separate special "calls" made during the year on futures commission merchants for full details on trading and commitments of all traders in a given market. These details usually consisted of name, address, and occupation of all accounts on the books of each broker as well as the commitments, long or short, and trading of each account for a given day or specified period. These special calls are listed as follows:

Commodity :	Market	Type of Survey :	Period Covered
Eggs	: Chicago Mercantile	:	:
"	: Exchange	: Positions	: Sept. 6, 1949
"	: " " "	: Positions and	:
	:	: trading....	: Oct. 6-14, 1949
Soybeans	: Chicago Board of	:	:
	: Trade.....	: Positions and	:
	:	: date and price:	:
	:	: of acquisition:	: March 27, 1950
Soybean oil	: New York Produce	:	:
	: Exchange	: "	: March 27, 1950
Soybeans	: Chicago Board of	:	:
	: Trade	: Positions	: June 30, 1950
	:	:	:

The information from the two egg "calls" was utilized as part of the report, Investigation of the October 1949 egg futures contract on the Chicago Mercantile Exchange. The two soybean calls were for the purpose of checking whether any "pools" were operating in the market and

to determine the extent of speculation and hedging positions in the market. The soybean oil call was made in conjunction with the soybean call of March 27, 1950, to see whether the same traders were operating in the two markets.

Reporting requirements relaxed on cottonseed and soybean meal.- The amount fixed for reporting accounts carried in cottonseed meal and soybean meal was changed from 1000 tons in any one future to 1500 tons since it was determined that sufficient information for regulatory purposes would be obtained under the higher reporting requirement and at the same time relieve some traders from filing reports. This change was made effective on January 12, 1950.

MARKETS AND BROKERS

Markets and commodities.- The number of contract markets designated under the Commodity Exchange Act remained unchanged at 18. The Chicago Board of Trade was authorized to trade in one additional commodity -- soybean oil. This exchange also adopted rules which provided for trading in a "North Pacific Coast" wheat futures contract, separate and distinct from any other contract. Trading for future delivery was conducted in 19 commodities on contract markets, as follows:

<u>Market</u>	<u>Regulated commodity</u>
Chicago Board of Trade	Wheat, corn, oats, rye, soybeans, lard, cotton.
Chicago Mercantile Exchange	Butter, eggs, potatoes.
Chicago Open Board of Trade	Wheat, corn, oats, rye, soybeans.
Duluth Board of Trade	(No trading in 1949-50)
Kansas City Board of Trade	Wheat, corn, bran, shorts.
Los Angeles Grain Exchange	(No trading in 1949-50)
Memphis Merchants Exchange	
Clearing Association	Cottonseed meal, soybean meal.
Milwaukee Grain Exchange	Wheat, corn, oats, rye.
Minneapolis Grain Exchange	Wheat, corn, oats, rye, flaxseed.
New Orleans Cotton Exchange	Cotton, cottonseed oil.
New York Cotton Exchange	Cotton.
New York Mercantile Exchange	Eggs, potatoes, rice.
New York Produce Exchange	Cottonseed oil, soybean oil.
Portland Grain Exchange	(No trading in 1949-50)
St. Louis Merchants' Exchange	(No trading in 1949-50)
San Francisco Grain Exchange	(No trading in 1949-50)
Seattle Grain Exchange	Wheat.
Wool Associates of the New York	
Cotton Exchange	Wool tops.

Futures commission merchants and floor brokers.- The number of futures commission merchants registered during the year declined from 645 in 1949 to 628 in 1950, whereas the number of floor brokers increased from 749 in 1949 to 783 in 1950. As of June 30, 1950, registered futures commission merchants maintained a total of 1752 principal and branch offices and also had agents in 226 offices other than their own engaged

in soliciting or accepting orders for the purchase or sale of commodities for future delivery. They were located in 47 States, the District of Columbia, Hawaii, Puerto Rico, and 13 foreign countries.

Registration fees.- Registration fees totaling \$17,012 were collected from futures commission merchants and floor brokers. These fees were deposited as miscellaneous receipts in the United States Treasury.

Review of exchange rules and regulations.- Continuing scrutiny was given to the bylaws, rules, and regulations of all contract markets. All proposed revisions submitted to the Authority by contract markets pursuant to requirements were reviewed currently and necessary changes proposed to facilitate compliance with the law.

AUDITS

Segregation audits.- During 1950 fiscal year 695 segregation audits were made covering accounts of 25,768 customers with funds and credits on deposit with futures commission merchants of \$93,768,000. While many deviations from the act and regulations were discovered, compliance by futures commission merchants is improving.

Assistance in investigations.- During the year the accountants (who compose a large part of the field technical staff) assisted in fourteen investigations. These ranged in extent from special investigations of a single operator whose transactions were under scrutiny to comprehensive surveys of trading during a specified period in egg, soybean, and cotton futures.

COMPLIANCE INVESTIGATIONS

Compliance and investigation work continued to occupy a substantial part of the time of the CEA staff. Thirty-four complaints and investigations were received or initiated during the year. Thirty of them had been disposed of by the end of the year. Eight warning or procedural letters were issued, three administrative proceedings initiated, one stipulation of compliance executed, and one report issued. In seventeen cases there were no actionable violations or jurisdiction was lacking.

Special trade practice investigations.- Three trade practice investigations were initiated and completed during the fiscal year and one investigation carried over from the preceding year was completed. Each involved a separate contract market and each disclosed objectionable customs of trading. It was also found in each of these cases that the exchange rules needed to be corrected or revised. The officials of the markets were advised of the CEA findings and suggestions. Corrective measures have been taken by all four exchanges.

Investigation of trading in egg futures.- Conditions prevailing in the Chicago egg market during October 1949 were abnormal. The governors of the Chicago Mercantile Exchange, about mid-October, stopped trading in October egg futures and fixed a settlement price for all outstanding contracts not to be completed by actual delivery of eggs. Their action

was to some extent prompted by a notice from CEA pointing out that an apparently tight market situation existed and also reminding them of their obligation under the Commodity Exchange Act to prevent manipulation of prices. Following the action of the governors many complaints were received in this matter, most of which came from persons who were either long or short in the market. An extensive investigation was made by Commodity Exchange Authority and it was found that total supplies of deliverable eggs had been depleted to a figure which was relatively low in comparison to the amount of outstanding contracts for October delivery, and that most of such purchase contracts were held by a relatively few firms and individuals whose combined buying program and holdings suggested that the stage was being set for a "squeeze." The CEA report of this investigation was released for publication during the month of May.

Criminal proceedings.- As the result of information furnished by the CEA during the preceding fiscal year, one Charles B. Grady was tried during December 1949 in the United States District Court at Chicago but the jury was unable to reach a verdict. The case was again tried in the same court during January and the defendant was found guilty of violating the Commodity Exchange Act. The defendant, who was fined and sentenced to jail, has appealed, and the case is now scheduled for argument before the United States Court of Appeals for the Seventh Circuit during the October 1950 term.

Administrative proceedings.- Three proceedings were carried over from the preceding year and three were initiated during the year. Hearings have been completed in all six cases. Two of these cases have been disposed of -- one by denial of trading privileges for 15 days and the other by revocation of respondent's registration. Two cases are in the hands of the Judicial Officer of the Department ready for his decision, while another is held by the Judicial Officer awaiting the fixing of a date for oral argument requested by attorneys for the Government and the respondent. In one of these proceedings the respondents were charged with attempting to manipulate the price of eggs by cornering the market in Chicago during December 1947. The hearing record is lengthy and the issues were vigorously contested. The referee has not released his proposed findings and order. There were no other cases pending at the close of the year.

MAJOR ACTIVITIES OF THE COMMODITY EXCHANGE AUTHORITY

	Actual			Estimated		
	1949	1950	1951	1951	1952	
I. <u>Licensing:</u>						
Futures commission merchants registered	645	628		650		650
Floor brokers registered	749	783		800		800
Examinations of exchange rules	105	107		110		110
II. <u>Supervision:</u>						
Markets and commodities:						
Exchanges	18	18		18		18
Commodities	19	19		19		19
Markets (6 wheat markets, 3 cotton markets, etc.):	40	40		41		41
Reports tabulated and analyzed:						
Daily trading volume and open contracts	261,000	254,000		260,000		260,000
Daily and weekly reports on large traders	267,000	266,000		275,000		270,000
Delivery notices	19,695	22,000		20,000		20,000
Special calls and surveys	3	5		10		10
Accounts covered	9,578	7,766		12,000		12,000
General activities, including observance of trading exchange relations, enforcement of speculative limits, price compilations, quotations service, and review of market letters	x	x		x		x
III. <u>Audits:</u>						
Segregation audits						
Accounts examined	751	695		700		750
Financial statements examined	28,064	25,768		26,000		26,000
	639	630		650		650
IV. <u>Investigations:</u>						
Compliance investigations completed	35	30		40		40
Economic investigations completed	1	-		-		-
Trade practice surveys completed	2	4		5		5
Number of transactions examined	40,000	20,930		30,000		30,000
Criminal prosecutions	1	1		2		2
Administrative proceedings	3	3		4		4

FEDERAL CROP INSURANCE CORPORATION

Purpose Statement

The Federal Crop Insurance Corporation was created February 16, 1938 to alleviate the economic distress caused by crop failures due to unavoidable causes. In accordance with P. L. 268, approved August 25, 1949, all insurance programs are being conducted on a gradual expansion basis to develop the experience necessary to operate successful national programs.

The insurance program falls into two broad types of coverage; namely, commodity and monetary. Commodity insurance guarantees production in bushels or pounds of the commodity, and is being used as the higher coverage type designed to provide protection approximating the investment in the crop. Monetary insurance, guaranteeing an amount in dollars, is a lower premium and lower coverage type offering protection for out-of-pocket costs.

An insurance policy covering a single crop is used in the greater number of counties. The Corporation realizes that in general farming areas where farm income is diversified the insurance of a single crop does not provide the most satisfactory insurance. Consequently, it has developed a multiple crop insurance policy which will cover a number of crops combined. Under this policy the coverage for all crops insured on the farm is combined and a loss under the policy arises only when the value of the total production of the insured crops does not equal the combined coverage. The farmer benefits from the more comprehensive coverage and the lower premium rates resulting from combined coverage; the Corporation assumes less potential liability through the greater spread of risk.

Insurance is being offered in crop year 1951 in a total of 877 counties covering wheat, cotton, flax, corn, tobacco, bean, and multiple crops. The program will not be expanded in 1952 because of national defense activities.

Summary of Insurance Operations and Changes in Capital a/

	<u>Fiscal Years</u>		
	<u>1950</u>	<u>1951</u>	<u>1952</u>
Net capital at beginning of year	\$32,918,002	\$29,115,626	\$30,515,726
Additions to capital during the year:			
Insurance premiums	11,473,765	14,200,500	22,147,700
Sales of wheat	4,687,261	.....	.....
Interest and other income	<u>223,234</u>	<u>150,000</u>	<u>150,000</u>
Total capital available for insurance operations during year	<u>49,302,262</u>	<u>43,466,126</u>	<u>52,813,426</u>
Deductions from capital during year:			
Insurance indemnities	15,609,325	12,879,400	19,932,900
Cost of wheat sold	4,455,279	.....	.....
Adjustment for prior crop years ...	64,846	.....	.....
Provision for estimated bad debts .	<u>56,686</u>	<u>71,000</u>	<u>110,700</u>
Total deductions from capital ...	<u>20,186,636</u>	<u>12,950,400</u>	<u>20,043,600</u>
Net capital at end of year	<u>\$29,115,626</u>	<u>\$30,515,726</u>	<u>\$32,769,826</u>

a/ Data for fiscal years 1951 and 1952 do not agree with the 1952 Budget but are based on estimates as of December 27, 1950 which were included in the annual report of the Corporation submitted to the Congress in accordance with the Federal Crop Insurance Act.

The crop insurance programs are developed and analyzed mainly in the headquarters office and are administered in the field through 31 state offices and through cooperative agreements with the Production and Marketing Administration County Committees. Program accounting and contract servicing functions are performed by the branch office in Chicago. As of November 30, 1950, the corporation employed 465 full-time employees, 128 of whom are in Washington, and the balance in the field; and 540 part-time field employees.

	<u>Estimated, 1951</u>	<u>Budget estimate, 1952</u>
Appropriated funds (Operating expenses)	\$7,095,625	\$8,200,000

Operating Expenses

Appropriation Act, 1951	\$7,204,000
Reduction pursuant to section 1214	-108,000
Activities transferred in 1952 estimates to "Operating expenses, General Services Administration" for operation and maintenance of buildings	-375
Base for 1952	7,095,625
Budget Estimate, 1952	8,200,000
Increase, 1952	<u>+1,104,375</u>

SUMMARY OF INCREASES AND DECREASES, 1952

For servicing, collecting premiums, and inspecting growing crops and adjusting losses on the 127,000 contract increase in crop year 1951	+1,400,625
Decrease resulting from completion of actuarial work in new counties added to the 1951 program	-67,825
Decrease in commissions resulting from selling continuous contracts	-151,600
Decrease due to providing a direct appropriation to the General Services Administration for certain procurement and leasing costs previously paid from this appropriation ..	-76,825

PROJECT STATEMENT

Project	1950	1951 (estimated)	Increase or decrease GSA Adjustment:	Other	1952 (estimated)
1. Insurance and actuarial structure: \$804,114:	\$1,034,225:	-\$9,760:	-\$67,825(1):		\$956,640
2. Contract sales and servicing	1,916,784:	2,745,000:	-33,650:	+582,125(2):	3,293,475
3. Commissions	578,939:	831,200:	-	-151,600(3):	679,600
4. Premium collec- tions	518,798:	809,300:	-11,140:	+291,365(4):	1,089,525
5. Crop inspections and loss adjust- ments	1,085,935:	1,675,900:	-22,275:	+527,135(5):	2,180,760
Unobligated balance ..	218,057:	-	-	-	-
Total available	5,122,627:	7,095,625:	-76,825:	+1,181,200	8,200,000
Transfer in 1952					
Estimates to:					
"Operating ex- penses, General Services Admin- istration"	+373:	+375:			
Reduction pursuant to: Section 1214	-	+108,000:			
Total appropriation or estimate	5,123,000:	7,204,000:			

INCREASES OR DECREASES

The net increase of \$1,181,200 in this item for 1952 is composed of the following:

- (1) Decrease of \$67,825 under the project "Insurance and actuarial structure" due to completing the actuarial work in the new counties added to the program in 1951.

Basic Actuarial Work Completed: The basic actuarial work required to set up rates and coverages for the 877 counties in the 1951 crop year program has been completed. Since the only new counties to be added to the 1952 crop insurance program will be replacements of previously active counties that can no longer qualify, no funds will be required for new survey work. After a program has been developed and installed in a county, operations are carefully watched and, whenever it is deemed advisable, programs are revised to reflect changes in needs and improvements in operations.

Resurvey Work on a Contractual Basis: Much of the work in connection with the resurvey of actuarial structures is of a contractual nature to furnish (1) county surveys that will enable the corporation to adjust rates and coverages commensurate with the risk involved and (2) adequate cost of production and farming practice data in order to avoid offering insurance coverage in excess of the farmer's investment in the crop. The actuarial data must be constantly reviewed and refined to keep insurance liability in line with cultural practices currently being carried out. The Corporation's policy is to completely review and rework coverages and rates for approximately one-fourth of the counties in the program each year. Two hundred counties are scheduled for resurvey work in 1952.

The contracts for reworking of assembled data on counties already in the program and surveys of counties to replace those not qualifying are made with the PMA County Committees.

In addition to the contractual work, the Corporation maintains a field underwriting staff to supervise county underwriting activities.

The estimated workload and cost are as follows:

Activity	Fiscal Year 1951		Fiscal Year 1952			
	Ave. No.	Cost	Ave. No.	Cost	Cost	Decrease
1. County survey work	\$500 348	\$174,000	\$500 200	\$100,000		-\$74,000 a/
2. Cost of production and farming practice data		118,000		118,000		- -
3. Program development and rate structure		742,225		738,640		-3,585
Total cost		1,034,225		956,640		-77,585

a/ Represents total decrease after taking into effect reduction due to transfer of certain leasing and procurement functions to General Services Administration, as reflected in the project statement.

(2) Increase of \$582,125 under the project "Contract sales and servicing" to service the 127,000 contract increase in crop year 1951.

Sales Campaigns in 877 Counties: Although the insurance program will not be extended to additional counties in 1952, sales campaigns will be conducted in the currently active 877 counties to increase participation and thereby improve insurance experience. Participation levels now range from 16 to 46 percent with an over-all participation rate of approximately 26 percent. Participation by commodity is as follows:

1950 Crop Year

<u>Commodity</u>	<u>Participation Rate</u>
Wheat	21.0
Flax	34.3
Cotton	28.6
Tobacco	45.9
Corn	16.5
Beans	19.7
Multiple Crop	21.6
All programs	25.7

The Corporation desires to improve its insurance base and operations by including in the program as large a majority of the eligible farmers as possible.

FMA County Committees Perform Large Part of Sales and Service Work:

Sales plans are developed and directed by the Washington and State offices. The program at the county level is conducted by the FMA County Committees on a contractual basis. The Committees conduct the sales campaigns, and transmit applications to the Corporation's state offices. After their acceptance by the state director, policies are issued and the applications are forwarded to the branch office where premium and indemnity accounts and statistical data are maintained. The collection of acreage reports and general servicing of contracts are performed by the County Committees. A fee is paid the Committees for each contract in force. No fee is paid the first year of the contract since commissions cover service costs for that year.

The estimated cost and workload are as follows:

	Fiscal Year 1951		Fiscal Year 1952		Increase or Decrease a/
	Unit Cost	Quantity	Cost	Quantity	Cost
<u>Contractual Costs</u>					
<u>1. State and D. C.</u>					
Compensation					
a. D. C.	- -		\$30,000		- -
b. States in program	\$500.00	43	21,500	43	21,500
c. Counties in program	400.00	877	350,800	877	350,800
Total			<u>402,300</u>		<u>402,300</u>
<u>2. County Compensation</u>					
a. Flat rate	350.00	877	306,950	877	306,950
b. Service rate on contracts in force	1.00 b/	307,300	307,300	434,300	651,450
c. Applications processed .....	.25	207,800	51,950	169,900	42,475
d. Acreage reports	1.00	434,300	434,300	436,800	486,800
Total			<u>1,100,500</u>		<u>1,487,675</u>
Total contractual costs			1,502,800		1,889,975
<u>Sales Program Development and Contract Servicing Costs</u>					
			<u>1,242,200</u>		<u>1,403,500</u>
Total			<u>2,745,000</u>		<u>3,293,475</u>
					<u>+548,475</u>

a/ Represents net increase or decrease after taking into effect reduction due to transfer of certain leasing and procurement functions of the General Services Administration, as reflected in the project statement.

b/ The best program benefits and most economical administration are achieved by having continuous contracts remain in force. The Corporation is increasing the service fee to \$1.50 in 1952 to provide more adequate servicing of insurance contracts and thus hold cancellations to a minimum.

(3) A decrease of \$151,600 under the project "Commissions" due to the selling of continuous contracts in previous crop years.

Number of Contracts in Each County Increases: Even though the Corporation is selling continuous type contracts, approximately 25 percent have been cancelled each year either by the farmer or by the Corporation because of non-payment of premiums or failure to conform to prescribed farming practices. The 1950 crop year cancellation rate of 1949 continuous contracts by commodity is as follows:

<u>Commodity</u>	<u>Cancellation Rate</u>
Wheat	12
Cotton	47
Flax	20
Corn	18
Tobacco	31

Continuous contracts for beans and multiple crop were first sold in crop year 1950.

These cancellations must be offset by additional sales if an adequate participation level is to be maintained. This means that of the 434,300 contracts in force in 1951 approximately 117,400 will be cancelled and will be replaced by new policy holders.

As previously stated, the Corporation desires to improve its insurance base and operations by including in the program as large a majority of the eligible farmers as possible. By selling continuous contracts, the Corporation is able to spend more effort in explaining and selling the program to non-participating farmers and thus increase the county participating levels. It is estimated that approximately 52,500 new contracts will be sold in 1952 in the 877 counties in the 1951 program. This gives a total estimated sales in 1952 of 169,900 contracts.

Agents Work on a Commission Basis: Sales agents are employed by the PMA County Committees and are paid on a commission basis. Commission costs, consisting of a \$1.50 flat rate plus approximately 3 percent of the premium, vary from a minimum of \$2.00 to about \$45.00 per contract. The average cost is approximately \$4.00.

Sales Summary by Commodity

Commodity	Crop Year 1951				Crop Year 1952			
	No. of Contracts: In Force 1950	Carryover: From 1950	Sales	In Force: Counties	No. of Counties	Carryover: From 1951	Sales	In Force: Counties
Wheat	84,912	74,700	38,700	113,400	378	99,800	25,600	125,400
Cotton	64,265	34,100	56,600	90,700	112	48,100	51,300	99,400
Flax	20,860	16,700	9,400	26,100	78	20,900	6,400	27,300
Corn	32,388	26,600	18,400	45,000	100	36,900	18,100	55,000
Tobacco	71,963	49,700	46,900	96,600	69	66,600	45,400	112,000
Beans	5,137	3,900	5,100	9,000	30	6,700	1,700	8,400
Multiple	27,732	20,800	29,700	50,500	100	37,900	18,400	56,300
New Crop	-	-	3,000	3,000	10	-	3,000	3,000
Total	307,257	226,500	207,800	434,300	877	316,900	169,900	486,800

(4) An increase of \$291,365 under the project "Premium Collections" to collect a \$7,815,900 increase in premiums over 1951.

Larger Volume of Premiums to Collect: The premiums on contracts in force for crop year 1951 will be collected in fiscal year 1952. The expansion of the program in 1951 is estimated to increase the premium collection workload from 307,300 collections in 1951 to 434,300 in 1952.

PMA County Committees and Corporation Collectors Receive Premiums: The Corporation contracts with the PMA County Committees to collect premiums on a sliding scale basis. This scale ranges from 50 cents per premium if less than 80 percent of total premiums are collected to \$1.00 per premium if over 98 percent are collected. Past experience has shown that all Committees do not earn the maximum rate because many of them do not collect the required percentage. Collection contracts terminate on April 30 of each year. After that date, the Corporation sends out collectors and, in some cases, must resort to legal action. Because of the additional expense involved in collecting past due accounts, the Corporation estimates that on the average direct collections cost \$1.00 per premium.

Field Offices Process and Account for Collections: The branch office in Chicago prepares premium notices based on the acreage reports submitted by the insured. After the premiums are collected, they are transmitted to the branch office for deposit and credit to the insured's account. Statements of account are prepared periodically and sent to the state office for collection of the account. The branch office also furnishes certified copies of documents required by the Department of Justice in court actions.

The estimated workload and cost are as follows:

Item	Fiscal Year 1951		Fiscal Year 1952		Increase a/
Contract Workload	<u>307,300</u>		<u>434,300</u>		<u>+127,000</u>
	Ave. Cost Total Cost		Ave. Cost Total Cost		
Contractual cost ..	\$1.00	\$307,300	\$1.00	\$434,300	+\$127,000
Servicing cost	1.63	502,000	1.50	655,225	+153,225
Total cost	\$2.63	\$809,300	\$2.50	\$1,089,525	+\$280,225

a/ Represents net increase after taking into effect reduction due to transfer of certain leasing and procurement functions to General Services Administration, as reflected in the project statement.

The decrease in the unit cost of servicing results from the fact that the increase in workload does not require a corresponding increase in cost. Only clerical personnel are added; number of supervisors and some fixed costs remain virtually unchanged.

(5) An increase of \$527,135 under the project "Crop Inspections and Loss Adjustments" to service a 127,000 increase in contract workload.

Increased Inspection and Loss Adjustment Services Required by Larger Volume of Contracts: The Corporation performs crop inspection and loss adjustment services for most contracts in force. These services for the contracts in force in crop year 1951 will be performed in the main in the 1952 fiscal year. The 1952 workload is estimated to be increased 127,000 over 1951.

Crop Insurance Agents Perform Local Work: Crop inspection and loss adjustment activities are performed by temporary loss adjustment personnel employed by the Corporation. In addition to the final adjustment of actual losses, these activities cover early losses which require inspection by an agent even though it often develops after harvest that production is sufficient to make payment of an indemnity unnecessary. In other cases loss claims submitted by farmers do not develop into insured losses under the contract after a check by an agent. The Corporation also requires inspection of growing crops to check conformance with approved farming practices.

Claims Involve Much Service Work: Loss claim and inspection reports are submitted to the state director by the loss adjuster. After a thorough review of the claim, the director either approves or rejects the claim or requests additional information. This may involve considerable personal contact or letter writing. Approved claims are sent to the branch office where they are checked against the contract provisions and, if found in order, are paid.

Occasionally fraudulent claims are paid which require much work in securing refunds. Sometimes legal action is necessary. Also there are problem cases which are forwarded to the Washington office for settlement. The Washington office also conducts special investigations and handles cases involving litigation.

The estimated workload and cost are as follows:

	<u>Fiscal Year 1951</u>		<u>Fiscal Year 1952</u>		<u>Increase a/</u>
Contract Workload		<u>307,300</u>		<u>434,300</u>	<u>+127,000</u>
	<u>Ave. Cost</u>	<u>Total Cost</u>	<u>Ave. Cost</u>	<u>Total Cost</u>	
Inspection and loss work	\$3.00	\$ 921,900	\$3.00	\$1,302,900	+\$381,000
Servicing and special case work	2.45	754,000	2.00	877,860	+123,860
Total cost	\$5.45	<u>\$1,675,900</u>	\$5.00	<u>\$2,180,760</u>	<u>+\$504,860</u>

a/ Represents net increase after taking into effect reductions due to transfer of certain leasing and procurement functions to General Services Administration, as reflected in the project statement.

The inspection and loss work costs are the direct costs of agents performing this work. Cost of training, supervising, and spot checking agents is included in servicing activities. Total direct costs move proportionately with the workload while the servicing costs do not, additional volume being handled without a proportionate increase in supervisory help.

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STATUS OF PROGRAM

The crop insurance program being offered in 1951 is basically the same as that offered in 1949 and 1950. It is being extended to cover approximately 877 counties. There follows statistical data by commodities for the first three crop years under the new experimental program authorized by P. L. 268, 81st Congress, approved August 25, 1949. The data on the 1950 crop year is on an estimated basis.

WHEAT

Item	Crop Year		
	1948	1949	1950
Number of states.....	24	24	24
Number of counties.....	200	199	238
Number of contracts.....	84,990	58,881	84,912
Percentage of eligible farmers insured.....	37	21	21
Number of indemnities...	10,040	17,832	12,745
Premiums.....	\$8,582,984	\$7,486,465	\$8,342,000
Indemnities.....	\$5,009,031	\$11,320,047	\$4,263,900
Surplus or deficit (-)...	\$3,573,953	-\$3,833,582	\$4,078,100
Loss ratio.....	.58	1.51	.51

COTTON

Item	Crop Year		
	1948	1949	1950
Number of states.....	14	13	12
Number of counties.....	53	52	80
Number of contracts.....	19,479	26,667	64,265
Percentage of eligible farmers insured.....	13	16	29
Number of indemnities...	2,619	9,522	-
Premiums.....	\$1,411,556	\$1,583,692	\$1,902,400
Indemnities.....	\$602,379	\$3,112,623	\$5,707,200
Surplus or deficit (-)...	\$809,177	-\$1,528,931	-\$3,804,800
Loss ratio.....	.43	1.97	3.00

FLAX

Item	1948	Crop Year	
		1949	1950
Number of states.....	6	6	5
Number of counties.....	48	48	58
Number of contracts.....	16,782	19,267	20,860
Percentage of eligible farmers insured.....	35	40	34
Number of indemnities....	1,932	2,600	-
Premiums.....	\$1,546,806	\$883,517	\$504,200
Indemnities.....	\$795,096	\$542,821	\$284,700
Surplus or deficit (-)...	\$751,710	\$340,696	\$219,500
Loss ratio.....	.51	.61	.56

CORN

Item	1948	Crop Year	
		1949	1950
Number of states.....	13	13	14
Number of counties.....	36	44	73
Number of contracts.....	14,115	19,607	32,388
Percentage of eligible farmers insured.....	20	19	17
Number of indemnities....	310	547	-
Premiums.....	\$435,249	\$586,942	\$734,200
Indemnities.....	\$74,398	\$94,681	\$501,000
Surplus or deficit (-)...	\$360,851	\$492,261	\$233,200
Loss ratio.....	.17	.16	.68

TOBACCO

Item	1948	Crop Year	
		1949	1950
Number of states.....	12	12	12
Number of counties.....	32	35	52
Number of contracts.....	31,605	35,023	71,963
Percentage of eligible farmers insured.....	35	29	46
Number of indemnities....	1,929	3,659	-
Premiums.....	\$655,774	\$741,153	\$1,474,600
Indemnities.....	\$284,657	\$490,972	\$843,500
Surplus or deficit (-)...	\$371,117	\$250,181	\$631,100
Loss ratio.....	.43	.66	.57

MULTIPLE CROPS

<u>Item</u>	<u>1948</u>	<u>Crop Year</u>	
		<u>1949</u>	<u>1950</u>
Number of states.....	2	5	27
Number of counties.....	2	7	55
Number of contracts.....	714	2,722	27,732
Percentage of eligible farmers insured.....	16	19	22
Number of indemnities...	11	111	-
Premiums.....	\$23,766	\$136,678	\$1,268,700
Indemnities.....	\$1,387	\$22,149	\$470,400
Surplus or deficit (-)...	\$22,379	\$114,529	\$798,300
Loss ratio.....	.06	.16	.37

BEANS

<u>Item</u>	<u>1948</u>	<u>Crop Year</u>	
		<u>1949</u>	<u>1950</u>
Number of states.....	4	6	8
Number of counties.....	4	9	18
Number of contracts.....	1,444	2,909	5,137
Percentage of eligible farmers insured.....	26	29	20
Number of indemnities...	76	324	-
Premiums.....	\$32,396	\$95,150	\$105,700
Indemnities.....	\$9,338	\$61,952	\$107,300
Surplus or deficit (-)...	\$23,058	\$33,198	-\$1,600
Loss ratio.....	.29	.65	1.02

SUMMARY

<u>Item</u>	<u>1948</u>	<u>Crop Year</u>	
		<u>1949</u>	<u>1950</u>
Number of states.....	40	40	40
Number of counties.....	375	394	624
Number of contracts.....	169,129	165,076	307,257
Number of indemnities...	16,917	34,595	-
Premiums.....	\$12,688,531	\$11,513,597	\$14,331,800
Indemnities.....	\$6,776,286	\$15,645,245	\$12,178,000
Surplus or deficit (-)...	\$5,912,245	-\$4,131,648	\$2,153,800
Loss ratio.....	.53	1.35	.85

Farm Classification Reduces Insurance Risk

Beginning with crop year 1949 the Corporation adopted a policy of declaring as uninsurable certain lands and farmers using unacceptable farming practices. This was done to remove the unreasonable risks and improve the stability of the insurance program. A summary of this activity follows:

Commodity by Year	No. of Counties	Total Acres	Uninsurable Acres	Percent Uninsurable	Ineligible Producers
BEANS	:	:	:	:	:
1950	18	3,113,661	143,942	4.6	89
1949	9	1,859,001	44,400	2.4	55
CORN	:	:	:	:	:
1950	72	24,624,714	970,920	3.9	337
1949	46	15,817,854	841,920	5.3	314
COTTON	:	:	:	:	:
1950	80	5,370,504	310,370	5.8	3,093
1949	54	3,792,580	278,007	7.3	1,310
FLAX	:	:	:	:	:
1950	63	3,706,688	47,379	1.3	989
1949	48	3,175,235	39,170	1.2	1,005
MULTIPLE CROP	:	:	:	:	:
1950	55	12,081,556	465,852	3.9	841
1949	7	1,985,286	50,668	2.6	142
TOBACCO	:	:	:	:	:
1950	52	734,188	18,038	2.5	4,137
1949	35	604,328	12,217	2.0	1,848
WHEAT	:	:	:	:	:
1950	283	34,779,979	851,558	2.4	2,960
1949	205	23,517,461	596,859	2.5	2,347
ALL COMMODITIES	:	:	:	:	:
1950	623	84,411,290	2,808,059	3.3	12,446
1949	404	50,751,745	1,863,241	3.7	7,021

Premium Collection Program Progress: When the national program was curtailed at the end of the 1947 crop year, a large volume of premiums were due from counties where the insurance program could no longer be offered. By using collectors and with the assistance of the Solicitor's Office of the Department and the Department of Justice the Corporation was able to reduce the 1947 and prior crop year balances due by \$831,998 during fiscal year 1950. The June 30, 1950 status of all crop year balances is as follows:

Outstanding Accounts

<u>Crop Year</u>	<u>Number</u>	<u>Amount</u>	<u>Percent</u>
1942	2,476	\$ 60,799	.4
1943	4,827	146,600	.8
1945	3,812	125,355	1.3
1946	6,702	496,496	1.5
1947	23,056	1,789,954	4.4
1948	5,552	338,656	2.7
1949	12,355	633,546	5.5

RURAL ELECTRIFICATION ADMINISTRATION

Purpose Statement

The Rural Electrification Administration was established by Executive Order 7037 of May 11, 1935 to make loans for the extension of central station electric service to unserved rural people. The agency was continued by the Rural Electrification Act approved May 20, 1936 and became a part of the Department of Agriculture, effective July 1, 1939, under Reorganization Plan II. By June 30, 1950 REA borrowers had extended central station electric service to 3,251,787 farms and other rural consumers. As of the same date, the annual electrified farm survey indicated that REA borrowers, commercial power companies, municipalities and other distributors had extended service to 5,053,676 or 86.3 percent of all farms in the United States. The remaining farms and the rural non-farm establishments that are still unserved represent an increasingly difficult job ahead. In addition, the provision of adequate low-cost power supplies and technical and operating guidance to more than 1,000 borrowers involves numerous expanding responsibilities.

Loans for construction of electric facilities are self-liquidating within a period of not to exceed 35 years, and they bear interest at the rate of 2 percent. Loans for consumer facilities are also at 2 percent interest but for shorter periods.

The principal borrowers of this Administration are cooperative associations formed solely for the purpose of making electricity available in rural areas. The Administration gives technical review and approval to construction plans and approves the completed construction of the electric systems. Selective guidance and assistance on business management matters are rendered to borrowers where necessary. Periodic audits are made of the records of all borrowers except those which have attained a certain financial status. These latter are required to engage public accountants for this purpose.

On October 28, 1949, the Administration was authorized to make loans for the purpose of the improvement and expansion of telephone facilities in rural areas. These loans are authorized to be made on the same terms as the electrification loans.

When the telephone program was initiated, only about 40 percent of the farms in the United States had telephone service, and much of this service was of very unsatisfactory quality. During the six months period after application forms were available, REA received a total of 486 applications, principally from existing companies, representing 41 states and Alaska, in the amount of \$57,458,110. These would provide service to an estimated 143,290 new rural subscribers and improve service to 116,144 present rural subscribers.

Loan applications in the telephone program are received from many types of organizations operating under all conditions, ranging from family enterprises to sizeable business corporations. Analysis of an application usually requires field appraisal to determine the physical value of the existing plant, and an analysis of the operating efficiency of the system, past and prospective. Experience indicates that appraisal of telephone loan applications is therefore usually more complex than the appraisal of electrification loan applications.

The Rural Electrification Administration has no field offices. Relations with borrowers are maintained primarily through regional offices in Washington and a staff of full-time field employees working directly with the borrowers.

The Rural Electrification Administration on November 30, 1950 had 1,312 full-time employees, 964 of whom were in Washington Departmental service and the balance in the field service.

RURAL ELECTRIFICATION ADMINISTRATION

Summary of Appropriations, 1951 and Estimates, 1952

Item	Total esti- mated avail- able, 1951	Budget estimates, 1952	Increase (+) or decrease (-)
Loans:			
Rural electrification	\$283,573,500	\$100,000,000	-\$183,573,500
Rural telephone	13,426,500	9,000,000	-4,426,500
Administrative expenses	8,421,350	8,500,000	+78,650
Total	305,421,350	117,500,000	-187,921,350
Deduct authorization to borrow from			
Secretary of the Treasury	297,000,000	109,000,000	-188,000,000
Total direct annual appropriation	8,421,350	8,500,000	+78,650

Loans

Electrification Program

Appropriation Act, 1951 (authorization to borrow from Secretary of the Treasury)	1/	\$350,000,000
Reduction pursuant to Section 1214		66,426,500
Base for 1952		283,573,500
Budget Estimate for 1952		100,000,000
Decrease in loan authorization	2/	-183,573,500

1/ Does not include contingent authorization.

2/ Due to carryover balances to be utilized in 1951 and 1952, a \$300,000,000 loan program is planned in 1951 and a \$220,000,000 loan program is planned in 1952; therefore there will be a decrease of only \$80,000,000 on an available funds basis in the loan program for 1952.

Telephone Program

Appropriation Act, 1951 (authorization to borrow from Secretary of Treasury)		\$32,500,000
Reduction pursuant to Section 1214		19,073,500
Base for 1952		13,426,500
Budget Estimate for 1952		9,000,000
Decrease in loan authorization	3/	-4,426,500

3/ Due to carryover balances to be utilized in 1951 and 1952, a \$30,000,000 loan program is planned in 1951 and a \$14,000,000 loan program is planned in 1952; therefore there will be a decrease of \$16,000,000 on an available funds basis in the loan program for 1952.

Salaries and Expenses

Appropriation Act, 1951	\$8,550,000
Reduction pursuant to Section 1214	128,250
Activities transferred in 1952 estimates to "Salaries and ex- penses, Office of Information" for distribution of motion pictures	-400
Base for 1952	8,421,350
Budget Estimate, 1952	8,500,000
Increase	<u>+78,650</u>

SUMMARY OF INCREASES AND DECREASES, 1952
(On basis of planned loan program)

Electrification Program

Loans:

Reduction in level of loan program-80,000,000

Salaries and Expenses:

Decrease in loan analysis and system development and
engineering and technical standardization work made pos-
sible by reduction in loan and construction programs ... -188,292

For management advisory activities in order to give in-
creased management assistance to borrowers having partic-
ular need and to train local boards of directors and
managers so that they can assume the greater responsibi-
lities that come as cooperatives move from the construc-
tion stage to a mature operating condition +83,509

For loan auditing, collecting and accounting to provide
for an adequate staff for field audits and to give nec-
essary accounting advice and assistance to borrowers ... +87,233

Decrease due to providing a direct appropriation to the
General Services Administration for certain procurement
and leasing costs previously paid from this appropriation -4,200

Telephone Program

Loans:

Reduction in level of loan program-16,000,000

Salaries and Expenses:

Decrease in loan analysis and system development made
possible by reduction in the loan program -202,562

A net increase resulting from a decrease of \$33,083 for
engineering and technical standards work necessary to
carry out the construction program, and an increase of
\$150,000 for contractual research work +117,267

For management advisory activities for borrowers operating
REA-financed facilities whose numbers will be greatly
increased over 1951 +77,091

For loan auditing, collecting and accounting services for
increasing numbers of borrowers who will have entered
into physical construction +109,404

Decrease due to providing a direct appropriation to the
General Services Administration for certain procurement
and leasing costs previously paid from this appropriation -800

PROJECT STATEMENT
(On basis of planned loan program)

Project	1950	1951 (estimated)	Increase or decrease:		1952 (estimated)
			GSA Adjust- ment	Other	
Loan Authorization:					
Rural electrifi-					
cation	\$375,151,456	\$300,000,000	-	-\$80,000,000	\$220,000,000
Rural telephone...	3,426,500	30,000,000	-	-16,000,000	14,000,000
Total loans	378,577,956	330,000,000	-	-96,000,000	234,000,000
Salaries and Exp- enses:					
<u>Electrification</u>					
1. Loan analysis and system develop- ment	1,743,241	1,713,647	-\$1,025	-71,179	1,641,443
2. Engineering and technical stand- ards	2,168,474	2,346,855	-1,370	-117,113	2,228,372
3. Management ad- visory activities..	1,159,104	1,386,637	-805	+83,509	1,469,341
4. Loan auditing, collecting and accounting	1,615,703	1,674,211	-1,000	+87,233	1,760,444
Subtotal	6,686,522	7,121,350	-4,200	-17,550	7,099,600
Unobligated balance:	25,600	-	-	-	-
Total available	6,712,122	7,121,350	-4,200	-17,550	7,099,600
<u>Telephone</u>					
1. Loan analysis and system de- velopment	126,812	605,277	-350	-202,562	402,365
2. Engineering and and technical standards	138,348	554,358	-350	+117,267	671,275
3. Management ad- visory activities..	40,277	50,514	-50	+77,091	127,555
4. Loan auditing, collecting and accounting	47,557	89,851	-50	+109,404	199,205
Subtotal	352,994	1,300,000	-800	+101,200	1,400,400
Unobligated balance:	62,006	-	-	-	-
Total available or estimate	415,000	1,300,000	-800	+101,200	1,400,400
Total, Salaries and Expenses	7,127,122	8,421,350	-5,000	+83,650	8,500,000

(Continued on next page)

PROJECT STATEMENT (cont'd)
(On basis of planned loan program)

Project	1950	1951 (estimated)	Increase or decrease:		1952 (estimated)
			GSA Adjust- ment	Other	
Transferred in					
1952 Estimates					
to "Salaries					
and expenses,					
Office of Infor-					
mation, Depart-					
ment of Agricul-					
ture".....	788	400			
Reduction pursu-					
ant to					
Section 1214...	- -	128,250			
Total appropria-					
tion or					
estimate.....	7,128,000	8,550,000			

INCREASES AND DECREASES

The need to lessen, wherever practicable, demands on services and materials which are in competition with those needed for national defense, and to give first priority to those activities which contribute directly to national defense, has been taken into account in the preparation of the electrification and rural telephone programs contemplated for 1952.

The contribution of REA borrowers during World War II in making possible increased farm production and in supplying energy to military installations and small rural establishments engaged in food processing and manufacturing was recognized and critical materials were allocated to REA cooperatives. The role of rural telephone service in providing communication in time of emergency and in saving time and reducing automobile travel appears equally significant. Certain rural electric and telephone systems must have credit through the REA program if they are to share in available materials supplies to meet the most urgent power and communications needs.

The effects which materials controls and possible manpower shortages may have on the REA construction and loan programs in 1952 cannot be positively determined at this time. The program presented here does not appear to be inconsistent with the controls of materials which have so far been imposed.

However if the situation with respect to materials or manpower should change radically, it is recognized that it would be necessary to re-evaluate the BEA program in the light of the situation at that time.

ELECTRIFICATION PROGRAM

Loan Program: Although only \$100,000,000 of additional borrowing authorization is requested for 1952, a loan program of \$220,000,000 is planned for 1952 as compared with the planned program of \$300,000,000 during 1951. In order to carry out the 1952 program with only \$100,000,000 additional loan authorization, it will be necessary to use \$120,000,000 of carryover funds which are expected to amount to \$123,531,474. It will also be necessary to secure waiver of the application of the State allotment formula, as proposed in the appropriation language, to avoid restrictions by statutory reservations of funds by States. A loan program of \$220,000,000 is believed necessary to continue the orderly development of rural electrification.

The status of loan funds for 1950, 1951 and 1952 is shown below:

	<u>Fiscal yr.1950</u>	<u>Fiscal yr.1951</u>	<u>Fiscal yr.1952</u>
Loan Authorization.....	\$470,000,000 ^{1/}	\$350,000,000	\$100,000,000
Section 1214 Reduction....	- 0 -	-66,426,500	- 0 -
Net Loan Authorization.....	<u>470,000,000</u>	<u>283,573,500</u>	<u>100,000,000</u>
Carryover from prior year...	<u>45,109,430</u>	<u>139,957,974</u>	<u>123,531,474</u>
Amount available for loans..	<u>515,109,430</u>	<u>423,531,474</u>	<u>223,531,474</u>
Carryover into subsequent year.....	<u>-139,957,974</u>	<u>-123,531,474</u>	<u>- 3,531,474</u>
Loan Program.....	<u><u>375,151,456</u></u>	<u><u>300,000,000</u></u>	<u><u>220,000,000</u></u>

1/ Includes \$120,000,000 borrowed from the Secretary of Treasury under the contingency authorization of \$150,000,000 provided in the 1950 Agricultural Appropriation Act. It is not contemplated that additional funds will be borrowed in fiscal year 1951 under the contingency authorization contained in the 1951 Agricultural Appropriation Act.

Advance of Funds and Program Plans: Funds loaned to borrowers are advanced only as needed to meet construction, labor and material costs. Funds estimated to be advanced in 1951 amount to \$301,000,000 and in 1952 will amount to \$250,000,000. The decrease reflects an estimate of the effect of restrictions on the use of materials. The construction program contemplated by these advances will result in an additional 163,000 miles of lines energized in 1951 and 120,000 miles in 1952 providing service to approximately 380,000 new consumers in 1951 and 300,000 in 1952. Thus by the end of the fiscal year 1952, the BEA-financed systems will have energized about 1,300,000 miles of distribution lines providing electric service to approximately 3,930,000 rural consumers.

As of June 30, 1950, over 86 percent of the farms of this country had been electrified. The estimate of total loans in 1952 of \$220,000,000 as compared with \$300,000,000 in 1951 reflects the fact that as area coverage is approached, there will be less demand for loans for new distribution facilities. However, the electrification of the additional 14 percent of the farms presents difficult problems due to the fact that the remaining farms are those in areas of relatively sparse population or otherwise difficult to reach on a feasible basis. While the loan program is reduced for 1952, the need for loans for system improvements is expected to continue at a high level due to the constantly increasing use of power by farmers and defense establishments in rural areas. The increasing use of power will also result in a continuing demand for loans to enlarge the capacity of generation and transmission facilities, and in some cases to finance new generation and transmission systems. As a consequence, construction of these facilities will be increasing in 1952.

By 1952, REA will have advanced more than \$2,000,000,000 of loan funds. The growing volume of loans outstanding requires greater emphasis on assistance to REA cooperatives in the more efficient business management of their affairs and in the technical operations and maintenance of their facilities in the interests of carrying out the objectives of the program and protecting the Government's security. In 1952 many cooperatives will be approaching completion of their ultimate systems and maximum repayments on their loans. It will require all of the expert service which REA can provide to help the cooperatives to continue their financial growth and at the same time provide dependable, economical electric service to their membership.

Salaries and Expenses (Electrification program)

The net decrease of \$17,550 in this item for 1952 consists of the following:

- (1) A decrease of \$71,179 under the project "Loan analysis and system development" is due to the anticipated gradual reduction in the amount of the loan program. However, many loans made to provide area coverage in marginal areas present problems of increasing complexity and as area coverage is approached, the average size of the loans is expected to decrease. The workload for loan activity therefore cannot be expected to decrease in proportion to a reduction in the dollar amount of the loan program.
- (2) A decrease of \$117,113 under the project "Engineering and technical standards" is due to the anticipated reduction in the amount of construction work in process for distribution borrowers from \$559,000,000 at the beginning of fiscal year 1951 to \$450,000,000 at the beginning of 1952. On the other hand because of the longer construction period required, an increase in value of generation and transmission construction work in process from \$277,000,000 at the beginning of 1951 to \$350,000,000 at the beginning of 1952 is anticipated.

In addition to the reduction because of reduced construction work, provision is made for the transfer of 10 man-years of field work from distribution line construction activities to the technical operations and maintenance program for distribution-type borrowers. This program was augmented during fiscal year 1950 and is now being brought up to a planned continuing level. The extent of the program is indicated by the fact that by the end of 1952, there will be approximately 1,331,000 miles of line energized of which approximately 546,000 miles will have been in operation for 5 years or more. Excessive interruptions in service or poorly regulated, inadequate service may mean direct financial losses, which cannot be recovered, to farmers who are becoming increasingly dependent on electric power. Poor service may thus threaten the ultimate sound development of the cooperative.

- (3) An increase of \$83,509 under the project "Management advisory activities" to provide for needed field assistance to borrowers in achieving effective and efficient management of their distribution, generating and transmission facilities. The amount of this increase is slightly less than 6 percent of the 1951 base.

The increased staff authorized during fiscal year 1950, and placed on a full-year basis in 1951, has made it possible to give adequate attention to the borrowers most urgently in need of assistance. Delinquent borrowers have received comprehensive financial and operating analyses and often many weeks of field assistance, and in consequence the number of borrowers delinquent on electrification loans decreased from 48 on June 30, 1949 to 33 on June 30, 1950. In addition, a staff of especially qualified "trouble shooters" has been established to assist borrowers with severe problems such as when a borrower loses its manager during important construction or developmental work, or when special problems arise on organizational matters, defalcations, etc. Such problems may require weeks or even months to solve. However, it has not been possible to give adequate attention to many of the problems which appear less acute but whose solution in the long run may be equally important. For example, the number of borrowers operating with accrual deficits increased from 243 to 253 during the calendar year 1949, and the number with deficits of \$15,000 and over increased from 54 to 73. The continuing increase in borrowers operating on an accrual deficit basis indicates a need for increased assistance and vigilance to insure the most careful management on the part of these borrowers in order that they may continue to meet their cash obligations.

Managers and directors in many states have requested training and assistance in basic management problems in the field of policy formulation, personnel, insurance, rates, procurement, etc. Such assistance has been supplied insofar as it was possible. However, adequate board and manager training will require an increase in staff to work directly with groups of board members and managers. This work must be backed up by objective and detailed studies to find the operating policies and practices that through actual experience of borrowers prove to be the most successful. This program of training for local responsibility must now

be accelerated as a consequence of the rapid transition that is taking place in the program from a predominately construction phase to an operating business phase.

- (4) An increase of \$87,233 under the project "Loan auditing, collecting, and accounting" to provide for an adequate staff for field audits and to give necessary accounting advice and assistance to borrowers. The amount of this increase is slightly more than 5 percent of the 1951 base.

The policy of having some borrowers' records audited by certified public accountants has minimized to some extent the increase in the field audit workload, but the workload has continued to grow. The number of borrowers qualifying for CPA audits is about 200, and this does not preclude the necessity for audit by REA of the loan-fund transactions.

It has been found necessary to devote more auditing time to those borrowers with poor records, since experience has proved that deferment of the problem of poor records only increases the difficulties encountered. Time reports of auditors revealed, in a study made as of March 31, 1950, that the average time per audit during the first nine months of the fiscal year was 188 hours, of which approximately 21 hours represented voluntary overtime. This represents an average time of 23.5 man-days per operations audit as contrasted to the 18.5 man-days for such purpose which was used in constructing the 1950 budget estimates.

During the 1950 fiscal year before some of the above problems became so pressing, REA was enabled to complete 94 percent of its annual audit program. The requested additional personnel is necessary in order that REA may have an opportunity to reach the goal (never yet attained) of providing one audit per borrower per year, while rendering the required minimum of accounting assistance to its borrowers.

The field auditors have been unable to give adequate time and attention to securing improvements in borrowers' records and they will have to make follow-up visits, in many cases, subsequent to the completion of audits to determine compliance with REA accounting recommendations. Whenever substantial discrepancies are found between general ledger control accounts and their supporting detailed records, it is necessary for the differences to be suspended in interim accounts pending determination of the sources of the discrepancies. A growing number of borrowers have been encountering difficulties in reconciling their construction work in progress control accounts with the subsidiary data. The field audit staff has a principal responsibility in assisting borrowers in the proper elimination of suspended items and the prevention of future errors. The size of this problem can be understood from the fact that as of September 30, 1950, such suspense accounts were on the books of 623 borrowers, with 166 of them having more than one suspense account each. 197 borrowers had suspense accounts of \$10,000 or more.

RURAL TELEPHONE PROGRAM

Loan Program: A loan program of \$14,000,000 is proposed for 1952, as compared with the planned program of \$30,000,000 during 1951. In order to carry out the 1952 program with \$9,000,000 of new loan authorization, it will be necessary to use all of the carryover funds from 1951 which are expected to amount to \$5,000,000. The 1952 program will satisfy only a small portion of the requests for loans, but it is believed to represent a minimum program.

The status of loan funds for 1950, 1951 and 1952 is shown below:

	<u>Fiscal Year 1950</u>	<u>Fiscal Year 1951</u>	<u>Fiscal Year 1952</u>
Loan Authorization ..	\$25,000,000	\$32,500,000	\$9,000,000
Section 1214			
Reduction	<u>- 0 -</u>	<u>19,073,500</u>	<u>- 0 -</u>
Net Loan Authoriza-			
tion	25,000,000	13,426,500	9,000,000
Carryover from prior			
year	<u>- 0 -</u>	<u>+21,573,500</u>	<u>+5,000,000</u>
Amount available for			
Loan	25,000,000	35,000,000	14,000,000
Carryover into subse-			
quent year	<u>-21,573,500</u>	<u>-5,000,000</u>	<u>- 0 -</u>
Loan Program	<u><u>3,426,500</u></u>	<u><u>30,000,000</u></u>	<u><u>14,000,000</u></u>

The extent of potential demand for rural telephone loans is indicated by the fact that in 1950 only about 40% of the farms in the country had telephone service, and much of the existing service was very poor. As of November 30, 1950, there were 619 applications on hand totaling \$65,283,072. It is expected that construction of rural telephone facilities under REA loans will further stimulate the submission of loan applications.

Advances and Program Plans: During 1951, construction of telephone facilities under REA loans is just getting underway and only a few systems are expected to be completed during the year. As of November 30, \$39,065 had been advanced to borrowers. However, allocations had been made in the total amount of \$13,538,500 to provide telephone service to 33,720 rural subscribers, and to improve service to 20,517 subscribers now receiving service. In 1952, construction activity is expected to increase, largely on account of loans made during 1951. Furthermore, in the normal development of the program, loan auditing and management services must be increased as the loans in 1951 make themselves felt in completed systems during 1952.

Salaries and Expenses (Telephone Program)

The net increase of \$101,200 in this item for 1952 consists of the following:

- (1) A decrease of \$202,562 under the project "Loan analysis and system development" due to the reduction in the loan program from \$30,000,000 in fiscal year 1951 to \$14,000,000 in 1952.

In the telephone program, the initial commitment of loan funds takes the form of a loan allocation. Before a note can be signed and funds advanced, it is necessary to determine compliance with a number of requirements and in many cases to assist applicants in meeting these requirements. Among the requirements involved are: establishing an adequate corporate structure, securing the proper number of signed applications for service, securing evidence to support a finding of non-duplication of service, review of approved rates for feasibility, approval of operator assistance, toll and other agreements, deposit of equity funds, and approvals by State Regulatory Bodies. During 1952, there will be a substantial amount of work involved in accomplishing these necessary steps for allocations made in 1951. Consequently, there cannot be a reduction in this project proportionate to the reduction in the loan program.

- (2) A net increase of \$117,267 under the project "Engineering and technical standards" consisting of an increase of \$150,000 to establish a fund for contractual research work during the year, and a decrease of \$33,733 in operating funds to carry out the construction program.

Standardization of construction and a mass market for line materials were major factors in reducing the cost of rural power line construction when the REA program was launched. The need for similar developments to spur the rural telephone program was pointed out by members of Congress at hearings on the 1951 budget, and the suggestion was made that REA determine the possibility of arranging for technical research work on a contract basis. It has been found that research facilities are available on a contractual basis. Among the subjects included in the first year's program are radio-telephone service, carrier telephone service over power circuits, simplified central offices, lightweight cable for joint use of poles, and buried cable and wire.

Engineering appraisals and reports are necessary in the consideration of telephone loan applications. This work is reduced as the loan program is reduced. However, the greatest part of the engineering workload will be in connection with the construction of REA-financed telephone facilities, to insure that they are built in accordance with specifications and constitute good security for the REA loans. Consequently, the man-year requirements for this project for 1952 are substantially the same as for 1951. The \$33,083 decrease results primarily from reduction in overhead costs and a

reduction in travel costs made possible by assigning more of the telephone engineering work to personnel stationed in the field.

- (3) An increase of \$77,091 under the project "Management advisory activities" to meet the needs of telephone borrowers for management advice and assistance. This activity will become of major importance in the telephone program for the first time in 1952. Only about \$50,000 is expected to be used for this activity during 1951.

REA proposes to provide its telephone borrowers with management assistance covering such matters as personnel selection and training, rate schedules, labor relations, insurance, purchase of auxiliary equipment, and general business operation. As in the electrification program, the amount of such assistance provided will vary with the needs of a particular borrower. At the outset, it is anticipated that considerable management guidance will be necessary, since most of the telephone borrowers are either very small independent telephone companies, which lack experience in the operation of modern telephone facilities, or cooperatives made up of rural people who have no experience at all in the telephone business. As in the electrification program, satisfactory management guidance can rarely be obtained by rural telephone systems unless it is obtained from REA. Since the security for the loans rests largely in the successful functioning of these independent business enterprises, it is imperative that they be aided in getting on a sound footing.

The increase requested will consist principally of the time of management specialists working in the field.

- (4) An increase of \$109,404 under the project "Loan auditing, collecting and accounting".

During 1952, a large number of telephone borrowers will enter into construction, and there will be a corresponding increase in REA activities to establish necessary loan records and accounts and budgetary control records against which borrowers may request funds on the basis of their current needs.

The audit program will be heavier during 1952 because of the increasing number of loans outstanding, the active construction, and the nature of the borrowers. Some borrowers will be new enterprises and many, though established businesses, will not have adequate accounting systems. In both instances, installation audits will be required to assist the borrower in establishing adequate records and to provide instruction in their maintenance. Both construction audits and audits of final payments to contractors are required for borrowers engaged in construction; an operations audit will be made annually for borrowers with plants in operation; and pre-loan audits will be made in those cases where it is necessary in order to determine the financial condition of a loan applicant.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

- To carry into effect the provisions of the Rural Electrification
- 1 Act of 1936, as amended (7 U.S.C. 901-~~915~~924), as follows:

Salaries and expenses

- For administrative expenses, including not to exceed \$500 for
- 2 financial and credit reports, ~~\$8,550,000~~ and not to exceed \$150,000 for employment pursuant to the second sentence of section 706 (a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a), \$8,500,000.

Loans

- For loans in accordance with said Act, and for carrying out the provisions of section 7 thereof, to be borrowed from the Secretary of the Treasury in accordance with the provisions of section 3 (a) of said Act as follows: Rural electrification program,
- 3 ~~\$350,000,000~~ \$100,000,000; and rural telephone program, \$32,500,000; and additional amounts, not to exceed a total of \$150,000,000 (including the uncommitted balance available as a carryover from the fiscal year 1950), may be borrowed for the rural electrification program under the same terms and conditions if and to the extent that the Secretary of Agriculture shall certify, from time to time, to the Secretary of the Treasury that such additional amounts are required during the fiscal year 1951, under the then existing conditions, for the expeditious
 - 4 and orderly development of the program/ \$9,000,000: Provided, That loans for rural electrification made on or after July 1, 1951, shall not be subject to percentage limitations of subsections (c), (d), and (e) of section 3 of the Rural Electrification Act of 1936, as amended (7 U.S.C. 903 (c), (d), and (e)).

The first change in language deletes the U. S. Code number "915" and inserts the U. S. Code number "924" to provide the complete U. S. Code reference covering both the electrification program and the new telephone program.

The second change inserts additional language, in accordance with the provision made in estimates, to make necessary provision for carrying out research work on telephone equipment and systems through contracts with private companies and individuals.

The third change in language proposes deletion of the contingent borrowing authorization provided in the 1951 Act. The \$100,000,000 loan authorization requested for fiscal year 1952 plus a carryover from fiscal year 1951 is considered sufficient to meet loan fund requirements during the fiscal year 1952 and, therefore, retention of the provision is unnecessary.

The fourth change inserts new language which would waive application of the State allotment formula. The proposed language is necessary in order that the contemplated loan program of \$220,000,000 may be carried out with an additional loan authorization of only \$100,000,000. However, if the proposed language is not included, the amount of loan funds for particular States would have to be determined according to the allotment procedure set forth in subsections (c), (d) and (e) of section 3 of the Rural Electrification Act. Experience has shown that in order to meet the needs for loans in particular States according to this State allotment procedure, a new loan authorization of \$220,000,000 would be required in addition to the carryover in order to carry out a \$220,000,000 loan program. This was illustrated during fiscal year 1950. Although \$395,000,000 was available for loan, it was necessary to increase this by utilizing \$120,000,000 from the available contingent borrowing authorization in order to meet the needs of particular States in achieving a loan program totaling \$375,000,000.

STATUS OF PROGRAM

Electrification Program

Current Activities fall into two general categories: first, the lending and construction activities pointed toward the goal of area coverage, and second, the loan servicing activities for meeting the steadily increasing responsibilities concerned with safeguarding outstanding loans. The \$395,800,000 backlog of loan applications on hand and in process in the field on December 1, 1950 is indicative of the continued pressure for loans. However, the peak in the loan program and in the extension of electric service to rural consumers occurred in fiscal year 1949 and the emphasis in the program is gradually shifting to the loan servicing activities. The more than \$2,200,000,000 in loans which have been made on repayment schedules extending over 35 years indicates the need for continuing and increasing attention to loan servicing work to assure that the loans will be paid back on schedule and that the properties will be maintained in condition to give economical dependable service. The scope of current program activities is illustrated by the following:

1. Lending and Construction Activities

Expediting area coverage. The Agency continues to give special guidance to borrowers to help them develop plans for completing their area coverage. Principally this consists of assisting the borrowers in the development of plans that will enable them to extend electric power on a self-liquidating basis to all unserved consumers within their system areas.

Developing plans to serve "thinner" areas. Now that 86% of the farms in the country are electrified, most of the farms still without electricity are in the "thinner" areas. As a result, many loan applications pose difficult problems such as the development of new power sources, the integration of town and country loads, or the establishment of minimum guarantees to offset low density. Frequently complete area studies are needed to determine ultimate power loads and economic prospects for an area in order to appraise adequately the feasibility of the loan.

Overcoming power shortages. Although, as of December 1, 1950, substantially less money had been loaned for generation and transmission facilities than had been loaned during the same period of the preceding year, provision of adequate low-cost power in many areas requires the solution of many power supply problems such as the inadequacy of generation and transmission capacity and wholesale rates that are so high as to prevent feasible system operation. Furthermore, construction of generation and transmission facilities for which loans have already been made requires

increasing attention. This is emphasized by the fact that as of June 30, 1950, there was generation and transmission construction work in progress representing loans of \$277,000,000 as compared with \$149,000,000 the year before.

Expanding system capacity to meet load growth. The consumption of electricity by consumers of borrowers' systems continues to increase. The average (median) monthly residential consumption of electric energy was 130 kwh during December 1949 as compared with 120 kwh during December 1948. During the same period, the number of consumers served by the average system increased by 15%. To meet this increasing demand for power, nearly every loan made to existing borrowers includes provision for "Heavying-up"--that is, increasing the capacity of existing sections of borrowers' systems.

2. Loan Servicing Responsibilities

Insuring security through prompt servicing. The Government's real security for more than 1.5 billion dollars in REA loans outstanding is in soundly operated, reliable, serviceable rural electric facilities which produce sufficient revenue to pay off the Government loans. In order to protect the Government's security, REA must guide and assist borrowers to the extent necessary in meeting their management and other operating problems. Such guidance in the field of cooperative rural electrification is not readily available from any other source. The tremendous expansion of the postwar loan programs has intensified the problem and underscores the need for prompt loan servicing work.

Providing cooperative management advisory assistance. The necessity of this activity is demonstrated most sharply by the number of borrowers reporting deficits on an accrual basis - 138 in 1946, 166 in 1947, 243 in 1948, and 253 in calendar year 1949. While a deficit in the early life of any organization is not necessarily a cause for alarm, there is a clear need for assistance and vigilance to insure the most careful management on the part of these borrowers in order that they may continue to meet their cash obligations. Need for management advisory assistance is not limited to financial problems. As borrowers become larger, older, and their volume of business expands, they encounter other management problems of increasing complexity. These problems may occur despite the financial position of the borrower, and their satisfactory solution is essential to the stability of the borrower. Assistance is also extended to groups of borrowers working on management training programs for cooperative managers and for members of cooperatives' boards of directors.

Encouraging systematic maintenance programs. The physical security for the Government's loans as of June 1950, included more than 1,000,000 miles of power line, of which more than 400,000 miles had been in operation more than five years. Borrowers are assisted in properly planning and scheduling programs of preventive

maintenance in order to keep these lines, as well as facilities such as generating plants, in condition to give continuing economical and dependable service.

Encouraging member understanding and participation. More than 95% of REA loans have been made to cooperatives whose consumers are owners of the facilities that serve them. These consumers can exercise control over the service they receive and their combined business acumen and integrity adds to the security of the Government loans. Experience shows that cooperatives with informed, active members are less likely to have financial and operating problems than those with apathetic members. Therefore, REA is safeguarding its outstanding loans by encouraging its cooperative borrowers to undertake more effective member relations activities in conjunction with their programs to assist their members in making the most efficient use of available electric power. Not only does this have a bearing on cooperative revenues, but it helps the cooperative fulfill its main purpose - that of giving its consumers the greatest possible benefit from the service rendered. In both respects the result is that the Government's loan security is strengthened.

Selected examples of recent progress and operational data.

1. Consumers connected and miles energized. In the 12 months ending June 30, 1950, REA borrowers added approximately 473,000 consumers to their lines through the construction of more than 178,000 miles of line. This brought the total number of miles of energized lines operated by REA borrowers to 1,018,000 and the total consumers to 3,251,000.

2. Loans approved and advances of loan funds. During the fiscal year 1950, loans made totalled over \$375,000,000. Advances of loan funds during the year were about \$286,600,000.

3. Loan payments by borrowers. Significant data, as of September 30, 1950, are as follows:

Cumulative total of loans	\$2,219,556,658
Cumulative total of advances	1,616,082,457
Principal due	129,229,455
Principal repaid	153,399,143
Advance payments (included in preceding item)	24,582,136
Interest due	102,450,944
Interest paid	102,173,256
Delinquent payments (overdue more than 30 days)	797,497

Since debt service schedules generally provide for a 2- or a 5-year accumulation period after a loan is made, this record of debt service payments against amounts now due is not a full measure of the borrowers' ability to meet their maximum debt service requirements which will be reached in subsequent years.

4. Transfer of responsibility to borrowers. It is a continuing policy of REA to help the borrowers become more and more self-reliant. An example of this practice is the requirement that borrowers having a specified age and net worth must arrange for their own auditing service (except for loan funds), thus relieving the REA staff of this part of the auditing workload. During 1951, 194 of the borrowers are engaging qualified accountants to make such audits in accordance with REA standards.

5. Administration of program constantly improved. Every effort is being made to devise improved methods and effect additional economies that will enable the limited staff available to handle a program that has grown to more than four times its pre-war size. Examples of these efforts are: (a) To help delinquent electrification borrowers, a plan has been put into effect on a trial basis which a team of 4 field representatives, consisting of a management representative, an engineer, an auditor, and a loan representative, works closely with the delinquent borrowers. It is believed this procedure will be effective in reducing the number of delinquent borrowers. (b) An intensive survey of borrowers' requisitioning for funds and accounting for expenditures has been completed. As a result, financial forms and procedures have been greatly simplified and the fiscal process shortened. (c) To insure that agency fiscal procedures and financial methods are being properly carried out, an internal audit program has been established.

The cumulative figures presented in the following tables show the progress of the rural electrification program since its inception in May 1935:

LOANS

Table No. I

Date	Total Net		Miles Constructed (Loan Estimate)	Consumers Served (Loan Estimate)
	Loans	All Purposes		
June 30, 1936.....	\$ 13,903,412		13,072	48,997
June 30, 1937.....	58,936,217		54,407	193,529
June 30, 1938.....	88,172,426		80,951	282,808
June 30, 1939.....	227,236,949		209,818	724,999
June 30, 1940.....	268,972,949		251,642	854,823
June 30, 1941.....	369,027,621		336,053	1,171,867
June 30, 1942.....	460,180,345		409,490	1,345,107
June 30, 1943.....	466,881,323		414,287	1,358,114
June 30, 1944.....	498,811,447		448,889	1,438,567
June 30, 1945.....	564,968,184		507,105	1,581,431
June 30, 1946.....	817,086,990		674,742	2,088,127
June 30, 1947.....	1,068,436,162		811,019	2,484,503
June 30, 1948.....	1,381,459,261		931,467	2,847,991
June 30, 1949.....	1,830,318,858		1,097,705	3,352,603
June 30, 1950.....	2,205,470,314		1,214,702	3,688,969

CONSTRUCTION

Table No. II

Date	Funds Advanced	Miles Energized	Consumers Connected	Total KWH Billed (Annual)
June 30, 1936.....\$	823,262	400	693	a/
June 30, 1937.....	11,864,836	8,000	19,611	a/
June 30, 1938.....	60,040,810	41,736	104,528	a/
June 30, 1939.....	122,337,824	115,230	268,000	a/
June 30, 1940.....	221,287,287	232,978	549,604	a/
June 30, 1941.....	296,395,142	307,769	779,561	566,422,777
June 30, 1942.....	354,616,010	369,129	981,193	893,461,286
June 30, 1943.....	369,152,582	381,747	1,041,821	1,460,460,571
June 30, 1944.....	387,630,670	397,861	1,152,031	1,791,607,706
June 30, 1945.....	427,566,738	424,072	1,287,347	2,066,121,706
June 30, 1946.....	514,819,844	474,837	1,549,057	2,185,149,697
June 30, 1947.....	704,905,701	546,781	1,843,351	2,861,024,042
June 30, 1948.....	951,141,658	666,156	2,263,869	4,016,273,673
June 30, 1949.....	1,272,428,526	839,685	2,778,180	5,474,001,598
June 40, 1950.....	1,559,087,178	1,018,336	3,251,787	6,973,694,936

a/ Not available.

The following table presents averages for REA-financed systems by age groups, based on average age of the miles of distribution line comprising the systems. The development of these systems with increased operating experience is illustrated by the trends shown. It will be noted that on the average, as the systems become older, there is an increase in the number of consumers connected per mile of line, the average monthly energy consumption, and revenue per mile, and a decrease in the proportion of consumers paying minimum bills.

OPERATING STATISTICS OF REA BORROWERS OPERATING RURAL DISTRIBUTION
SYSTEMS BY AGE GROUPS - MEDIAN AVERAGES - DECEMBER 1949

Table No. III

Age Class (Months)	Average Age (Months)	Systems Included	Consumers Per Mile	KWH Per Residential Consumer	Percent Minimum Bills	Revenue Per Mile
1-36	15	180	2.02	117	22	\$13.00
37-48	44	94	2.79	99	21	14.76
49-60	55	170	2.94	104	20	14.97
61-72	66	190	3.32	116	16	17.45
73-84	77	112	3.27	146	13	19.73
85-96	91	80	3.05	197	10	22.33
97 and over	108	102	3.66	235	8	28.41
All Systems	62	928	3.03	130	16	17.79

Rural Telephone Program

Initial Development of the Program. The initial development of the rural telephone program required the recruitment, from a relatively stable telephone industry, of a staff of people with extensive operational and professional experience in the design, development, construction and management of telephone systems. Such a staff has been difficult to recruit but by the end of fiscal year 1950, a basic staff had been secured. Policies, procedures, specifications and forms have been developed as guides to potential borrowers, and procedures have been established facilitating the analysis of loan applications and the obtaining of the necessary legal, engineering and accounting data.

Number and Amount of Applications received. In the six months of the fiscal year during which application forms were available, REA received a total of 486 applications principally from existing companies representing 41 states and Alaska in the amount of \$57,458,110. These would provide service to an estimated 143,290 new rural subscribers and improved service to 116,144 present rural subscribers. The applications were filed by 183 individuals, 148 commercial companies, 20 unincorporated mutuals, 110 incorporated mutuals, 15 farmer-owned systems and 10 others.

Experience has shown that in numerous instances the amounts requested in loan applications are modest, as low as \$1,600, and represent but minor improvements to existing plant without effecting the purpose of the telephone program in bringing telephone service to the widest practicable number of rural users. Every effort is made to raise the horizon of the borrower in these instances and to develop a sound and expanding organization. In other instances where loan requests are modest, it is found that the applicant's operations are so small as to constitute an unfeasible operating unit for the furnishing of modern rural telephone service. In these instances, where possible, mergers with other nearby small operations are encouraged with a view to establishing feasible operating units.

Complexity of loan appraisal. The analysis of rural telephone loan applications has proven to be extremely complex. Virtually every loan application from an existing company requires field appraisal to determine the physical value of the existing plant and decide what portion is usable in the proposed system. The loan appraiser, with an engineer, must assist the applicant in developing a proposed system which will assure maximum availability of telephone service in the area. Furthermore, detailed information affecting the security of the proposed loan is necessary. This broadly involves examination into the character and operating efficiency of the system as bearing on costs and revenues, past and prospective; the extent of subscriber interest and ownership; acceptability and probable effectiveness of REA guidance and assistance; the extent to which any surplus will be retained in the system; and an analysis of local economic trends. Analysis of these factors ultimately results in an administrative determination of equity required from the applicant as a condition of the loan.

Allocations Made. Through June 30, 1950, seventeen loan allocations had been made in the total amount of \$3,426,500 to provide telephone service to 9,848 new rural subscribers and to improve service to 6,989 present rural subscribers. These allocations were to 15 commercial companies and 2 new cooperatives.

Current Rural Telephone Program. As of November 30, 1950, there were 619 loan applications on hand totaling \$65,288,072 and loan allocations had been made to 46 organizations totaling \$13,538,500. These allocations were to 31 commercial companies and 15 cooperatives. It is estimated that 125 loan allocations will be made during the year totaling approximately \$30,000,000.

As of November 30, the rural telephone program was just entering the construction stage and advances of loan funds totaled \$39,065.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENT

Item	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
Working Fund, Agriculture, General (Rural Electrification Administration):			
To cover the cost of provid- ing data in connection with a comprehensive survey of the Arkansas-White-Red River basin	- -	2/\$5,000	- -

a/ Allotment as of December 31, 1950.

FARMERS' HOME ADMINISTRATION

Purpose Statement

The Farmers' Home Administration established on November 1, 1946, pursuant to the Farmers' Home Administration Act of 1946, approved August 14, 1946, is authorized to perform the following activities:

1. Make direct farm ownership (farm tenant) loans to farm tenants, farm laborers, sharecroppers and other individuals for the purchase, enlargement or development of family size farms. Loans, at 4% interest amortized over 40 years, are made in amounts up to the normal value of a farm as improved based on long-term earning capacity values.
2. Insure 40 year farm ownership loans made by private lenders up to 90 percent of the normal value of the farm and necessary improvements at 3 percent interest plus a 1 percent insurance charge. Insured loans are for the same purposes and to the same classes of individuals eligible for direct farm ownership loans.
3. Make production and subsistence loans to farmers and stockmen for farm operating expenses and for other farm needs including the refinancing of indebtedness and family subsistence. Loans are made up to \$3,500 for 1 to 5 years at 5 percent interest with a limit of \$5,000 on the total indebtedness of any farmer.
4. Make loans for the construction, repair, or improvement of water facilities in the arid and semiarid areas of the 17 Western States. These loans are made at 3 percent interest for periods up to 20 years to individuals and groups to provide domestic or irrigation water supply. Engineering assistance is given in planning and installing farmstead and irrigation facilities.
5. Make loans and grants to farm owners for the construction, improvement, alteration, repair or replacement of dwellings and other farm buildings. Also loans for the enlargement or development of farms to farm owners receiving loans and grants for farm dwellings and other farm buildings. Loans are made for periods up to 33 years at 4 percent interest under authority of Title V of the Housing Act of 1949.
6. Make emergency loans to farmers and stockmen in areas where a production disaster has caused a need for agricultural credit not readily available from commercial banks, cooperative lending agencies, or other responsible sources. Also make loans to bona fide fur farmers needing credit, unobtainable from commercial banks, cooperative lending agencies or other responsible sources, in order to carry on their present fur farming operations. These loans are made at 3 percent interest for periods consistent with the anticipated ability of the borrower to repay. The total outstanding principal indebtedness on fur loans may not exceed \$4,000,000 at any one time.

Supervisory assistance in planning and carrying out sound farm and home operations is provided all borrowers on the basis of their individual problems and needs. No loans are made to anyone who can secure adequate credit from other sources at reasonable rates. A local county committee is required to approve each applicant and each loan. In the case of farm ownership loans, they certify to the normal long-time earning capacity value of the farm and in the case of farm housing loans, certify as to the normal market value.

The Farmers' Home Administration maintains its central office in Washington with program activities decentralized to 40 state offices (a few of which service two or more states), 1,625 county offices, and 4 area finance offices. The Farmers' Home Administration, on November 30, 1950, had 6,380 full-time employees, 311 of whom are in Washington, and the balance in the field, and 9,429 state and county committeemen part-time employees paid an average of 6 to 10 days a year.

	<u>Estimated, 1951</u>	<u>Budget estimate, 1952</u>
Loans (borrowing authorization):		
Farm ownership and farm housing	a/ \$47,634,975	\$38,000,000
Production and subsistence	103,000,000	110,000,000
Water facilities	4,000,000	5,000,000
Grants (Farm housing program)	400,000	200,000
Salaries and expenses	<u>28,199,752</u>	<u>29,700,000</u>
	<u>183,234,727</u>	<u>182,900,000</u>

a/ Includes \$7,134,975 available from prior year authorization for farm housing loans.

Summary of Appropriations and Authorizations,
1951 and Estimates, 1952

Item	Total estimated: available, 1951 ^{a/}	Budget estimates, 1952	Increase (✓) or decrease (-)
Farm ownership and farm housing loans.....	\$ 40,500,000 ^{b/}	\$38,000,000	-\$2,500,000
Farm housing repair and improvement grants.....	400,000	200,000	-200,000
Production and subsistence loans.....	103,000,000	110,000,000	✓7,000,000
Water facilities loans.....	4,000,000	5,000,000	✓1,000,000
Salaries and expenses.....	28,199,752	29,700,000	✓1,500,248
Total available.....	176,099,752	182,900,000	✓6,800,248
Deduct:			
Authorization to borrow from Secretary of Treasury.....	-147,500,000	-153,000,000	-5,500,000
Total direct annual appropriations.....	28,599,752	29,900,000	✓1,300,248

^{a/} Amounts are adjusted for comparability with the appropriation structure proposed in the 1952 Budget Estimates.

^{b/} In addition, \$7,134,975 available from prior year balance for farm housing loans.

(a) Farmers Home Administration

Appropriation Act, 1951.....	\$183,150,000
Reduction pursuant to Section 1214:	
Appropriated funds.....	-550,000
Borrowing authorizations.....	<u>-24,500,000</u>
Net available, Appropriation, 1951.....	158,100,000
Supplemental borrowing authorizations for	
1951 (Supplemental Appropriation Act,	
1951).....	18,000,000
Activities transferred in 1952 Estimates	
to "Operating Expenses, General Services	
Administration", for operation and main-	
tenance of buildings pursuant to Re-	
organization Plan No. 18.....	<u>-248</u>
Base for 1952.....	176,099,752
Budget Estimate, 1952:	
Authorization to borrow from Secretary	
of Treasury.....	\$153,000,000
Direct appropriation.....	<u>29,900,000</u>
Increase.....	<u>182,900,000</u>
	<u><u>76,800,248</u></u>

Note: On an available funds basis, there is a decrease of \$334,727 in fiscal year 1952 due to the availability of prior year balances of \$7,134,975 in 1951.

SUMMARY OF INCREASES AND DECREASES, 1952
(On the basis of available funds)

Farm ownership and farm housing loans.....	-\$ 9,634,975
Farm housing repair and improvement grants.....	-200,000
Production and subsistence loans:	
Elimination of funds provided in the	
Supplemental Appropriation Act, 1951, for	
loans to farmers suffering disasters in	
areas designated under Public Law 38,	
approved April 6, 1949.....	-18,000,000
For additional production and subsistence loans.....	<u>25,000,000</u>
Water facilities loans.....	<u>1,000,000</u>
Operating expenses for:	
Costs of making additional production and	
subsistence and water facilities loans,	
insuring an additional 3,000 farm owner-	
ship loans, and servicing insured mortgage	
loans outstanding.....	<u>1,800,000</u>
Decrease due to providing a direct appropriation	
to the General Services Administration for	
certain procurement and leasing costs pre-	
viously paid from this appropriation.....	-299,752

PROJECT STATEMENT
(On the basis of available funds)

Project	1950	1951 (estimated)	Increase or decrease		1952 (estimated)
			GSA adjustment	Other	
1. Farm owner-ship and farm housing loans	\$33,054,498	\$47,634,975	-	-\$9,634,975(1)	\$38,000,000
2. Farm housing repair and improvement grants	89,566	400,000	-	-200,000(2)	200,000
3. Production and subsistence loans	84,998,781	103,000,000	-	7,000,000(3)	110,000,000
4. Water facilities loans	2,999,874	4,000,000	-	1,000,000(4)	5,000,000
Total loans and grants	121,142,719	155,034,975	-	-1,834,975	153,200,000
5. Salaries and expenses - administration of loan, grant, and insured mortgage programs	26,069,575	28,199,752	-299,752	1,800,000(5)	29,700,000
Subtotal	147,212,294	183,234,727	-299,752	-34,975	182,900,000
Unobligated balance	50,489	-	-	-	-
Total available	147,262,783	183,234,727	-299,752	-34,975	182,900,000
Transfer in 1952					
Estimates to "General Services Administration"	248	248			
Transferred from "Salaries and Expenses, Farm Housing, Department of Agriculture", pursuant to the provisions of the De-ficiency Appropriation Act, 1950, to meet increased pay costs authorized by the Classification Act of 1949	-450,000				

(Continued on next page)

Project	1950	1951 (estimated)
Reduction pursuant to Section 1214:		
Appropriated funds.....		550,000:
Borrowing authorizations:		24,500,000:
Comparative transfer from:		
"Loans, Farm Housing, Department of Agriculture" (Loans from Secretary of Treasury).....	-\$25,000,000:	
"Grants and Loans, Farm Housing, Department of Agriculture"	-280,463:	
"Salaries and Expenses, Farm Housing, Department of Agriculture"	-2,018,543:	
Authorization to borrow from Secretary of Treasury.....	-103,000,000:	-172,000,000:
1950 balance available in 1951.....	7,134,975:	-7,134,975:
Total appropriation or estimate.....	23,649,000:	29,150,000:

INCREASES AND DECREASES

The net decrease of \$34,975 in this item for 1952 is composed of the following:

- (1) Decrease of \$9,634,975 for farm ownership and farm housing loans.

Explanation of Decrease: Funds borrowed from the Secretary of the Treasury for farm ownership and farm housing loans are available interchangeably for either type of loan. The distribution of the amount available in 1951 is estimated at \$23,500,000 for farm

ownership loans and \$24,134,975 for farm housing loans. The latter amount includes \$7,134,975 of 1950 farm housing loan funds available in 1951. The proposed decrease of \$9,634,975 for 1952 is identified as representing a reduction to \$15,000,000 for farm ownership loans and to \$23,000,000 for farm housing loans. The flexibility between types of loans provided within the total estimate of \$38,000,000 will be utilized to assure the maximum benefit to farm families receiving assistance through these loans.

(2) A decrease of \$200,000 for farm housing repair and improvement grants. This reduction will be met by making approximately 430 less grants in 1952.

(3) Net increase of \$7,000,000 composed of the following:

(a) Decrease of \$18,000,000 to eliminate the funds provided in the Supplemental Appropriation Act, 1951, for loans to farmers who suffered disasters in areas designated under Public Law 38.

(b) Increase of \$25,000,000 to provide 15,150 additional initial adjustment loans to eligible farmers unable to obtain satisfactory credit from other sources.

Need for Increase: The increase in the estimate for 1952 is necessary in order to provide the credit needs of a minimum number of worthy low-income farmers and veterans who desire security on the land and cannot obtain satisfactory credit from other established sources. The demand for this type of assistance continues unabated throughout the Nation and has far exceeded the funds available for this purpose during the past four fiscal years. With the regular authorization of \$85,000,000 in 1951 plus the supplemental authorization of \$18,000,000 for loans to farmers who suffered disasters, it is expected that not more than 33.9 percent of the new applicants can be served. The need for the increase is further substantiated by an estimate of credit needs of low-income farm families made by the county supervisors of the Farmers Home Administration in June, 1950. This estimate, based on intimate knowledge of conditions existing in the agricultural counties of the Nation, disclosed a need for \$171,200,000 to meet the demand in 1951 from eligible applicants for operating loan assistance.

The increase in funds recommended herein is in the immediate and long-time public interest. It is on family-size farms of low-income families that the greatest unused source of agricultural labor exists today, and that the land resources are being used less effectively because capital resources or credit necessary for their efficient development are lacking. On such farms great increases in food, feed and fibre can be obtained, and underemployed labor can become fully employed if adequate credit and supervisory assistance is available. Such increases in efficient use of land and labor resources were achieved by Farmers Home Administration borrowers who repaid their loans in 1949. These

farmers increased the value of products per acre in farms from the \$12 to \$16 per acre characteristic of the low-income group to \$23 per acre, an efficiency figure exceeded by no other group in agriculture except the one-fifth of all farmers in the income brackets of \$4,000 and over. With an increasing population, the conservation of soil fertility through improved land use becomes increasingly important. These funds would make a substantial contribution to the preservation and improvement of soil resources in areas in which soil resources are being depleted rapidly, remove some of the hazards inherent in present systems of farming, contribute to the increased production required to meet mobilization needs, and promote economic stability.

Decrease in Number of New Applicants Served: The following table illustrates the decrease in the number of new applicants who have been able to secure loans in recent years.

Fiscal Year	Total Funds Available	Reserved for Subsequent Loans	Funds Available for New Loans	Number New Annual and Adjustment Loans Made	Percent of New Applicants Served
1949	\$ 75,000,000	\$22,150,000	\$52,850,000	63,559	40%
1950	85,000,000	26,705,000	58,295,000	49,450	37%
1951	103,000,000	37,720,000 ^{a/}	65,280,000	50,825	33.9%
1952	110,000,000	37,500,000 ^{a/}	72,500,000	48,090	32%

a/ In addition to the usual requirements for subsequent loans to present borrowers, an additional \$7,000,000 to \$8,000,000 is included as the subsequent credit needs of borrowers owing State Rural Rehabilitation Corporation Trust Fund balances.

The primary reasons for the decrease in the number of new applicants served are:

A. The average size of new adjustment loans increased from \$1,189 in the fiscal year 1949 to \$1,360 in 1950, and it is expected to be about \$1,650 in 1951 and 1952. Loans to veterans increased from 21,525 in the fiscal year 1948 to 35,037 in 1950. Initial adjustment loans to veterans averaged \$1,600 in the fiscal year 1950 compared with \$1,147 for non-veterans in the same year. As the number of loans to veterans increases the total number of applicants who can be assisted decreases because of the greater amount required to establish veterans in farming on a sound basis.

B. Substantial increases in farm operating costs during recent years, supplemented by the need for larger amounts of working capital necessitated by changes in the agricultural economy, have increased the average size of loans. The following table shows the increased cost in 1949 compared with 1946 for three major items of farm operating expenses, based on a typical loan of \$3,500, the maximum initial loan amount permitted.

Items	Cost at Prices in		Per Cent Change		
	1946	1949	1946	to	1949
Farm Machinery	\$1,800	\$2,670		48.3%	
Livestock	1,200	1,656		38.0 %	
Farm Operating Expenses	500	623		24.6 %	
Total	\$3,500	\$4,949		41.4%	

Further evidence of the increase in capital needed for carrying on a family-type farming operation is a study made by the Bureau of Agricultural Economics in 1949 indicating that the quantity of power and machinery used on commercial family operated farms in the Nation increased approximately 50 percent from the pre-war period 1935-1939 through 1948. Family size farms financed through production and subsistence loans require, and should have, power and machinery for efficient operation.

C. Increased emphasis has been placed on assisting farmers in adjusting their farming operations so that they will be able to correct the basic deficiencies in their operations and obtain operating credit within a reasonable period from other established sources. This emphasis has resulted in a substantial reduction in the number of annual operating loans which enable farmers merely to carry on from year to year on an inadequate basis and has increased the average size of loans.

The results of this emphasis on adjustment rather than annual operating credit and the average size of loans is illustrated, by years, as follows:

Number and Average Size of New Loans

Fiscal Year	Annual		Adjustment		Composite		Cumulative Percent Increase in Composite Average
	No.	Av.	No.	Av.	No.	Av.	
1949	25,623	\$302	37,936	\$1,188	63,559	\$ 831	-
1950	8,780	339	40,670	1,360	49,450	1,179	42%
1951(Est)	13,270	350	37,555	1,650	50,825	1,284	55%
1952(Est)	5,270	350	42,820	1,650	48,090	1,508	81%

Of the many reasons for the continued increase in demand for operating loans, the following are of primary importance:

A. Basic Changes in Farming Systems of Family-Size Farms are Dependent upon Adjustment Credit: Increasing numbers of farmers, realizing the inadequacies and hazards of the present system of farming in the areas in which they are operating, are requesting credit and guidance which will enable them to develop systems of farming that will eliminate some of the hazards and provide the volume of business and income necessary to stabilize their

operations, meet farm operating and family living expenses, purchase additional items of capital goods and make loan repayments. These adjustments include the expansion of some present enterprises and the introduction of new enterprises. This need for changes in farming systems in various areas has long been recognized and has been an objective toward which agricultural leaders have worked diligently. As a result of lower net incomes in 1948 and 1949, and the substantially reduced yields in 1949 and 1950 in several major cash crop farming areas, farmers are now aware of the need for these changes and are urgently requesting the credit and guidance necessary for their accomplishment.

The conversion of one-crop systems of farming in many areas of the country to balanced or diversified systems of farming cannot be accomplished by large numbers of family-size farm operators with short term credit. Adjustment credit geared to income from the planned operations and the guidance necessary for the successful establishment of new enterprises and practices are prerequisite to success in such undertakings. Other credit sources, generally, do not offer credit on terms adapted to these needs and are not equipped to provide the planning and supervisory assistance required in the introduction of new enterprises and practices.

B. Credit Assistance Required on Reclamation Projects: A majority of the new settlers and many present operators on reclamation projects are in urgent need of operating credit not available through other established sources. A survey by the Farmers Home Administration in 1949 indicated a need by eligible settlers on present and proposed projects for operating credit over the six-year period from 1950 through 1955 of \$26,555,500. Unless the Farmers Home Administration is able to meet the minimum credit needs of eligible reclamation project occupants who were selected by the Government to live on lands developed by the Government, a large number will lose their investments of time, labor and funds in the development of the units occupied.

C. Credit Assistance Required as a Result of Reductions in Yields Due to Natural Causes: Each year farmers in scattered areas throughout the country suffer losses in income as the result of damage from floods, drought, freezes, insects, plant and livestock diseases, and other similar causes. (Where such damage reaches disaster proportions and affects widespread areas, credit assistance may be provided eligible farmers in designated areas under the provisions of Public Law 38.) In recognition of this need the Supplemental Appropriation Act of 1951 provided \$18,000,000 under Title II to be used in areas designated pursuant to Public Law 38. The major portion of this \$18,000,000 will be used for new production and subsistence loans and many of the borrowers receiving such loans will require supplemental credit in 1952 to carry out their planned adjustments and meet annual operating expenses. Losses occur also in many areas where the making of disaster loans cannot be justified, but operators of family-type farms, who generally have very limited reserves, if any, become in need of operating credit to enable them to continue their operations. Many such farmers normally

obtain their operating credit from banks or other local lending institutions, but when they are victims of losses from natural causes that reduce or destroy their debt paying ability, further credit from these sources is denied.

Loan Plans: The \$25,000,000 increase requested for production and subsistence loans would be used to meet the needs of an additional 15,150 initial adjustment loan applicants who are unable to obtain necessary credit from other sources at reasonable rates and terms. Under the total estimate of \$110,000,000 for production and subsistence loans in 1952, it would be possible to make 42,820 initial adjustment loans amounting to \$70,655,000; 5,270 annual loans amounting to \$1,845,000; and 52,820 subsequent loans to indebted borrowers in the amount of \$37,500,000.

(4) Increase of \$1,000,000 for water facilities loans to provide an additional 360 loans to individuals and 4 loans to groups unable to obtain satisfactory credit from other sources.

Need for Increase: The increase in the estimate for water facilities loans in 1952 is necessary in order to assist a minimum number of eligible farmers and non-profit water associations in providing needed facilities for a farmstead water supply or for irrigation. The demand for water facilities loans has greatly exceeded the funds available each year since the inception of this program and continues to increase at a rapid rate throughout the arid and semi-arid areas of the 17 western states. The demand has been particularly strong among settlers on reclamation projects, largely veterans, who do not have sources of credit for financing land leveling, the installation of secondary canals, pipelines, sprinkler systems or necessary farmstead water facilities. With \$4,000,000 available for water facilities loans this fiscal year, it is estimated that not more than 30 percent of the individual applicants and 11 percent of the group applicants can be served.

Of the many reasons for the steadily increasing demand for water facilities loans, the following are of primary importance:

A. Large numbers of family-type farm operators need credit for the installation of water facilities on terms that will permit repayment from increased farm income resulting from the installations. Such credit is not available through banks or cooperative credit institutions.

B. The dry spring and summer of 1950 in the Great Plains resulted in more attention being given by farmers to the installation of water facilities as a means of reducing drought hazards and increasing and stabilizing income. The development of new irrigation equipment, such as sprinkler systems, permits the irrigation of land once regarded as unsuitable for irrigation by conventional methods and permits successful irrigation in areas of limited water supplies.

C. The credit needs of new settlers on reclamation projects for farmstead water facilities and land leveling has become a major item and will continue to increase in importance as new units are opened for settlement by reclamation services. A minimum of \$1,571,000 will be required in 1952 to meet the current needs of farm operators on reclamation projects. Increasing numbers of settlers, principally veterans, are requesting loans for the installation of water facilities since credit is not available from other sources to meet their needs.

D. There is no adequate source of private or cooperative credit for financing the installation of new or the repair of existing water facilities owned and operated by groups of small farmers.

E. A large number of applications were received from homestead entrymen as a result of the enactment of Public Law 361, 81st Congress.

Previous to the passage of this Act, it was not possible to make loans to veterans and other homestead entrymen on Bureau of Reclamation projects prior to the issuance of patents to the land.

Loan Plans: The increase of \$1,000,000 would permit the making of an additional 360 loans to individuals and 4 loans to groups. Total loans in 1952 would be 1,910 initial loans and 80 subsequent loans to individuals, and 24 initial loans and 4 subsequent loans to groups.

(5) An increase of \$1,800,000 in funds for salaries and expenses to cover the cost of making the additional loans estimated for 1952 and servicing insured mortgage loans outstanding. The 1952 estimates provide increases in the number of farm ownership insured loans within the existing insurance authority and in the number of production and subsistence and water facilities loans from funds to be borrowed from the Secretary of the Treasury. While there is a decrease in the number of direct farm ownership and farm housing loans based on the reduction in funds of \$9,634,995, such decrease is more than offset by the increase in the estimated number of farm ownership loans to be insured in 1952. The following summary shows the estimated net increase in numbers of loans in 1952 compared to 1951.

	Increased Number of Loans, 1952
Direct farm ownership loans	-990
Farm housing loans	-280
Insured farm ownership loans	+3,000
Production and subsistence loans a/	+15,150
Water Facilities loans	+364
Total	+17,244

- a/ The increase of 15,150 production and subsistence loans represents the increase over the number of loans which could be made from the regular 1951 loan authorization of \$85,000,000. Administrative expenses for making and servicing loans from the sum of \$18,000,000 for production and subsistence loans provided in the Supplemental Appropriation Act, 1951, are payable as necessary from the disaster loan revolving fund as directed by the House Committee on Appropriations. Accordingly, there is no reduction under "Salaries and Expenses" for this activity in 1952 commensurate with the reduction of \$18,000,000 as a non-recurring item in the loan authorization.

One of the prime objectives of the Farmers Home Administration in making loans is to assist borrowers in establishing and adjusting their farming operations to a level of economic efficiency that will fully utilize the land and labor resources. This involves careful and continuous work in assisting the borrowers to prepare and carry out sound farm and home plans providing for adequate and complete farming operations. The emphasis on the necessity for adjustments in operations is illustrated in the production and subsistence loan program by the fact that the number of "annual" type loans which involve no farm supervision and guidance is being reduced from 32,674 in 1948 with \$60 million in loan funds to an estimated 5,270 in 1952 with \$110 million loan funds. This emphasis on establishment of efficient farming operations is the heart of the farm ownership loan program. Borrowers under this program are uniformly faced with the necessity of quickly developing economic efficient farm operations on new or newly developed land resources. In both the production and subsistence and farm ownership loan programs, it is essential that adequate personnel be available in county offices to assist the borrowers in the planning and execution of their farming adjustments and in the establishment of operations giving maximum efficiency in production.

Insured farm ownership loans are made and serviced in exactly the same manner as direct loans, the only difference being the source of financing. The work involved in the making and servicing of insured farm ownership loans since the beginning of the program has, in large part, been accomplished through using the time of county employees engaged on other loan programs. Except for the relatively small amounts available from the Farm Tenant Mortgage Insurance Administrative Fund, no funds have been provided to handle the cost of this program.

During the fiscal year 1952 about \$230,000, representing one-half of one percent in insurance charges and fees, is estimated to be available from the Farm Tenant Mortgage Insurance Administrative Funds for operating expenses. This amount is wholly inadequate to cover the cost of the program. Since 1948 when the program began, the insured farm ownership loans have increased in volume each year. Until the latter part of the fiscal year 1950 many areas of the country were without sufficient private credit to finance the loan demand, but with the recent participation of some additional large insurance companies, this difficulty has been overcome. To accomplish the anticipated increase in the number of insured loans estimated for 1952, it is necessary that additional employees be available to properly make and service the loans.

CHANGES IN LANGUAGE

The estimates include proposed changes in language as follows (new language underscored; deleted matter enclosed with brackets):

- To carry into effect the provisions of titles I, II, and the related provisions of title IV of the Bankhead-Jones Farm Tenant Act, as amended (7 U.S.C. 1000-1031), the Farmers' Home Administration Act of 1946 (7 U.S.C. 1001, note; 31 U.S.C. 82h; 12 U.S.C. 371; 35 D.C. Code 535; 60 Stat. 1062-1080); the Act of July 30, 1946 (40 U.S.C. 436-439);
- 1 /the Act of October 19, 1949 (Public Law 361); / the Act of August 28, 1937, as amended (16 U.S.C. 590r-590x, 590z-5), for the development of facilities for water storage and utilization in the arid and semiarid areas of the United
- 2 States; /and/ the provisions of title V of the Housing Act of 1949 relating to financial assistance for farm housing
- 3 /((Public Law 171, approved July 15, 1949)/ (42 U.S.C. 1471-1483); the Rural Rehabilitation Corporation Trust Liquidation Act, approved May 3, 1950 (Public Law 499); and the Act to direct the Secretary of Agriculture to convey certain mineral interests, approved September 6, 1950 (Public Law 760), as follows:

LOAN AUTHORIZATION

- For loans (including payments in lieu of taxes and taxes under section 50 of the Bankhead-Jones Farm Tenant Act, as amended, and advances incident to the acquisition and preservation of security of obligations under the foregoing several authorities): Title I and section 43 of title IV of the Bankhead-Jones Farm Tenant Act, as amended and title V of the Housing Act of 1949 (except grants under 504 (a)) / \$65,000,000 /
- 4 \$38,000,000, of which not to exceed / \$3,500,000 / \$5,000,000 of the amount available for the purposes of title I and section 43 of the Bankhead-Jones Farm Tenant Act, as amended, may be distributed to States and Territories without regard to farm population and prevalence of tenancy, in addition to the amount otherwise distributed thereto, for loans in reclamation projects and to entrymen on unpatented public land (sums available for loans under title V of the Housing Act of 1949 to remain available until expended); title II of the Bankhead-Jones Farm Tenant Act, as amended, / \$85,000,000 / \$110,000,000; the Act of August 28, 1937, as amended, / \$4,000,000 / \$5,000,000: ***.

GRANTS

For grants and for the grant portion of combination loans and grants for the purpose of section 504 (a) of the Housing Act of 1949, / \$650,000 / \$200,000, to remain available until expended.

SALARIES AND EXPENSES

For the making, servicing, and collecting of loans and insured mortgages, the servicing and collecting of loans made under prior authority, the liquidation of assets transferred to Farmers Home Administration pursuant to the Farmers Home Administration Act of 1946, and the extension of financial assistance under the Housing Act of 1949, and the administration of assets transferred under subsection 2 (f) of the Act of May 3, 1950, ~~/\$28,500,000/\$29,700,000,~~ together with a transfer to this appropriation item of not to exceed ~~/\$80,000/~~ \$230,000 of the fees and administrative expense charges made available by subsections (d) and (e) of section 12 of the Bankhead-Jones Farm Tenant Act, as amended.

/LOAN AUTHORIZATION/

/For an additional amount for "Loan Authorization" for loans under title II of the Bankhead-Jones Farm Tenant Act, as amended, \$18,000,000, to be borrowed from the Secretary of the Treasury in the manner authorized under this head in the General Appropriation Act, 1951: Provided, That none of the funds hereby authorized shall be used for loans other than to farmers and stockmen who suffered production disasters in areas designated pursuant to Public Law 38 (81st Congress)./

The first change represents a minor change due to code and public law citations.

The second and fifth changes represent grammatical corrections.

The third change is proposed to include in the appropriation language reference to Public Law 499 (Rural Rehabilitation Corporation Trust Liquidation Act, approved May 3, 1950,) and Public Law 760 (Act to direct the Secretary of Agriculture to convey certain mineral interests approved September 6, 1950). These Acts are being administered by the Farmers' Home Administration and reference in the appropriation language is therefore appropriate, in order that the language will describe the activities involved

The fourth change is proposed to increase from \$3,500,000 to \$5,000,000 the maximum amount available for the purposes of Title I and section 43 of the Bankhead-Jones Farm Tenant Act, as amended (farm ownership loans) for loans in reclamation projects and to entrymen on unpatented public land to be distributed to states without regard to farm population and prevalence of tenancy. The need and demand for loans to new settlers will be greater in 1952 as a large number of farm units on reclamation projects are being opened up for settlement.

The sixth change represents language necessary to cover nominal administrative expenses that may be incurred under this item in carrying out agreements entered into with states for the administration by the Secretary of assets of the various State Rural Rehabilitation Corporations. Section 2(f) of the "Rural Rehabilitation Corporation Trust Liquidation

Act," approved May 3, 1950 (Public Law 499), provides for the use of funds appropriated for the administration of the Bankhead-Jones Farm Tenant Act for this purpose. Such agreements with the states undoubtedly will provide for use of the assets of the Corporation for administrative expenses and, therefore, the proposed language is included only to cover any nominal expenses that may have to be incurred under this item.

The seventh change is proposed to increase from \$80,000 to \$230,000 the amount authorized to be transferred to this appropriation from the "Farm Tenant-Mortgage Insurance Administrative Fund." Receipts to this fund in 1951 available for administrative expenses in 1952 are estimated at about \$230,000.

The eighth change proposes to delete the language contained in the Supplemental Appropriation Bill, 1951, providing that the amount of \$18,000,000 for title II loans be available only for loans to farmers and stockmen who suffered production disaster in areas designated pursuant to Public Law 38, (81st Congress).

STATUS OF PROGRAM

Direct and Insured Farm Ownership Loans and
Farm Housing Loans and Grants

Direct and Insured Farm Ownership Loans

Title I of the Bankhead-Jones Farm Tenant Act as amended authorizes direct and insured farm ownership loans for the purchases and improvement of family-type farms and for the enlargement and improvement of undersized and under-developed farms. This program is designed to assist farm tenants, sharecroppers, and farm laborers attain farm ownership and to assist owners of inadequate farms in making needed enlargements and improvements where necessary to assure efficient family-type units.

In the present emergency it is held to be of major importance that manpower productivity be maintained at as high a level as possible. Much rural under-employment, with resulting reduced productivity is caused by the lack of adequate land resources available to the individual family to permit productive employment of the labor resources of the family. Farm ownership loans, particularly farm enlargement and farm development loans, are especially designed to assist families to obtain adequate land resources which would permit efficient and full utilization of their labor resources and managerial ability.

1. Source of Funds: Direct loans are made from Federal funds in amounts up to 100% of the value of the farm and necessary repairs and improvements. Similar loans made by private lenders up to 90% of the value of the farm and necessary repairs and improvements may be fully insured by the Government.
2. Distribution of Funds: Direct loan funds and authorizations to insure mortgages are distributed among the states and territories on the basis of farm population and the prevalence of tenancy. Adjustments among states may be made to take care of applications from veterans.
3. Type of Loans: There are three types of farm ownership loans: (a) Tenant purchase loans to buy and develop family-type farms; (b) farm enlargement loans to buy additional land and to convert undersized units into efficient family-type farms; (c) farm development loans to develop under-improved units into efficient family-type farms. Farm enlargement and farm development loans are receiving increasing attention. During the 1950 fiscal year 46.7% of the total farm ownership loans made were for farm enlargement and farm development. This compares with 34.5% in 1949; 20.5% in 1948; and 9.3% in 1947.

Disabled veterans may receive loans to purchase, enlarge, or develop units that constitute less than efficient family-type units.

4. Terms of Loans: Loans are amortized over a 40 year period. Borrowers are encouraged under a variable payment plan to pay more than an annual

installment in years of good income in order to build a reserve which can be used in years of low income. On loans made since June 19, 1948, direct loan borrowers pay four percent interests and insured loan borrowers pay three percent interest plus one percent annual mortgage insurance charge. Borrowers are required to refinance their loans with responsible private or cooperative credit sources whenever they are able to obtain such refinancing at reasonable rates and terms.

5. Limitations on Loans: Loans are limited to farms which have a value, as acquired, enlarged, or improved, not in excess of the average value of efficient family-type farm-management units in the county where the loan is made. In addition, there is an administrative limit of \$12,000 which applies to the total investment in any farm. (Investments in excess of this ceiling may be made only by prior approval by the Administrator). In making each loan, a normal earning capacity appraisal based upon long time yields, prices, and production costs is made by a competent appraiser. As a further safeguard, the fair and reasonable value of each farm, based upon its normal earning capacity, after contemplated improvements are made, is determined by a local county committee composed of three men, at least two of whom are farmers. No loan may be made in excess of the amount certified by the county committee to be the fair and reasonable value of the farm.
6. Eligibility: Farm tenants, farm laborers, sharecroppers and owners who are unable to obtain needed credit from private and cooperative credit sources are eligible for loans. Preference is given to applications from veterans and special provisions are made for loans to disabled veterans. Since passage of Public Law 361 on October 19, 1949, loans may be made to homestead entrymen on public land and to other persons contracting for the purchase of other land of the United States in reclamation projects.
7. Supervision and Technical Services: Borrowers are given assistance as needed by local Farmers Home Administration county supervisors and by engineers in making the improvements and adjustments necessary to the efficient operation of their farms and homes.
8. Progress of Program:
 - A. Applications: Applications received in the 1950 fiscal year were 15 percent more than the number received in the 1949 fiscal year. Veteran applications received increased 22 percent in 1950. There were about 50,000 applications on hand for consideration at the beginning of the 1951 fiscal year of which about 30,000 were from veterans. Applications from veterans and non-veterans received in the past three fiscal years are shown below.

Fiscal Year	Applications Received During Fiscal Year		
	Veterans	Non-Veterans	Total
1948	22,906	14,044	36,950
1949	26,245	18,475	44,720
1950	31,988	19,250	51,238

See Tables I and II for distribution by states.

B. Loans: Cumulative activity for direct and insured loans is outlined below.

(1) Direct Loans

Since inception of the program in 1938 to June 30, 1950, about 62,200 loans for more than \$363,000,000 have been made. In 1950 with an appropriation of \$15,000,000, about 1,700 families received loans. Consistent with the veteran preference provision in the Farmers Home Administration Act of 1946, veterans received approximately 1,500 of a total of approximately 1,900 loans made in each of the two years 1948 and 1949, and in 1950 only 24 loans were made to non-veterans. The continued demand from veterans alone during the 1951 fiscal year is expected to absorb practically all of the loan funds available.

Public Law 361, 81st Congress, authorized the making of farm ownership loans to homestead entrymen on unpatented lands in reclamation projects. The amount of \$3,500,000 is authorized in the 1951 Appropriation Act to be distributed to states for the purpose of making loans to reclamation project settlers without regard to the statutory formula for distributing funds between states based on farm population and prevalence of tenancy. About 375 farm ownership loans will be made in 1951 under this authority, which otherwise could not be made in these Western States because of relatively low tenancy.

Direct loan activity is shown in the following table:

Initial Direct Loans

Fiscal Year	Veteran Loans		Percent Loans to Veterans (Number)	Total	
	Number	Amount		Number	Amount
1947	3,029	\$23,661,843	55	5,527	\$41,916,958
1948	1,450	10,546,109	79	1,831	13,449,562
1949	1,468	10,877,400	78	1,876	13,793,873
1950	1,723	13,591,897	99	1,747	13,761,246
1951(Est)	2,615	21,031,600	96	2,710	21,900,000

See Tables I, II and III for distribution by states

(2) Insured Loans

The insured mortgage loan program increased rapidly during the 1950 fiscal year and the increase is expected to continue during the 1951 fiscal year. A total of 2,268 initial loans were insured during 1950, including 723 for veterans. These figures compare with 1,157 loans insured in 1949 with 317 going to veterans and 338 loans in 1948 of which 58 went to veterans. The relatively low proportion of insured loans made to veterans is primarily the result of many veterans being unable to meet the 10% down payment requirement of the insured mortgage program. All applicants are considered for insured loans before being considered for direct loans, but the down payment requirement cannot be met by many otherwise qualified applicants, both veteran and non-veteran. Therefore, there continues to be a need for direct loan funds.

Except for insuring loans to veterans, the Bankhead-Jones Farm Tenant Act, as amended, provides that no state in any one year shall insure loans in excess of that state's ceiling as prescribed by the factors derived from farm population and prevalence of tenancy as applied to a ceiling of \$100,000,000 for the United States. During the 1950 fiscal year several states, mostly in the western areas, insured loans up to the ceiling limitation and as a result were unable to assist additional non-veteran applicants.

The following table shows progress in insured loans since the beginning of the program in the fiscal year 1948:

Fiscal Year	Veteran Loans		Percent Loans to Veterans (Number)	Total	
	Number	Amount		Number	Amount
1948	58	\$ 357,550	17	338	\$ 2,412,837
1949	317	2,026,760	27	1,157	7,994,416
1950	723	5,103,223	32	2,268	17,125,004

See Tables I, II and IV for distribution by states.

- C. Use of Loan Funds: Average size of initial direct loans, average acres per farm and average loans per acre are shown below for the years 1940 and 1945 through 1950.

Fiscal Year	Average Size of Loan	Average Acres Per Farm	Average Loans Per Acre
1940	\$5,864	139	\$43
1945	5,967	130	46
1946	7,592	162	47
1947	7,584	166	46
1948	7,345	151	49
1949	7,353	132	57
1950	7,877	144	57

See Table VII for distribution by states.

In recent years increased emphasis has been given to the use of both direct and insured loan funds for enlarging and developing inadequate and under-developed farms. Farm families occupying acreages that are too small or are only partially developed have insufficient land resources to permit efficient utilization of available family labor and managerial ability which results in inadequate incomes. Assistance to these families in developing farms of adequate size and efficiency permits fuller use of man power and at the same time relieves

unsatisfactory income conditions. This is particularly significant in those areas where conversion to more diversified farm economy has become necessary. The following table shows the number of purchase, farm development, and farm enlargement loans in recent years, including both direct and insured loans:

Fiscal Year	Tenant Purchase Loans	Farm Enlargement Loans	Farm Development Loans	Percent of Total Loans Made for Enlargement and Development
1947	5,014	294	219	9.3
1948	1,724	153	292	20.5
1949	1,986	271	776	34.5
1950	2,140	462	1,413	46.7

D. Repayment Progress:

(1) Direct Loans

By March 31, 1950, \$362,510,900 had been advanced to 62,031 families for the purchase, enlargement and development of farms since 1938. Of this amount, \$174,427,742 had been collected. In addition, \$44,817,618 had been paid in interest. Cumulative scheduled installments due from the 39,772 borrowers owing balances as of March 31, 1950 amounted to \$52,569,682. Regular principal and interest payments made on such installments were \$70,114,997, which was \$17,545,315 or 33 percent more than required on a scheduled amortization basis. In addition, the accounts of these borrowers have been credited with \$10,476,982, in refunds and extra payments which were not applied to scheduled installments. As of this date, 24,217 borrowers were \$20,417,623 ahead of schedule, an average amount of \$843, and 8,782 borrowers were behind schedule \$2,872,308 or an average amount of \$327. The remaining 6,773 borrowers were on schedule. At the same date 14,835 or about 24 percent of the total families receiving loans had paid their accounts in full and continued to operate the farms acquired through this program. About 1,750 of these 14,835 borrowers have refinanced their loans through other credit sources. An additional 7,424 had also paid their accounts in full but were no longer operating the farms. This number includes those who sold their farms as well as some borrowers who were unsuccessful in the operation of their farms but whose loans were paid in full through liquidation. See Table V for distribution by states.

(2) Insured Loans

As of March 31, 1950, \$17,604,520 had been advanced under the insured mortgage program to 2,445 farm families for the purchase, enlargement, and development of farms. Repayments by insured mortgage borrowers totaled \$883,224 as of the same date. Of this amount, \$478,243 represented principal payments, \$279,522 payments on interest, and \$125,459 payments to the mortgage insurance fund. As of March 31, 1950, 7 insured mortgage borrowers had paid their loans in full. Of those still active, 766 were ahead of schedule, while 1,560 were on schedule and 112 behind schedule. See Table VI for distribution by states.

- E. Improved Financial Position of Borrowers: The improvement which borrowers have made in their financial position is indicated by a 1950 report of borrowers who have benefited through these loans for a period of 5 years, as follows:

	At Time Loan Was Made (1944)	1950	Percent Increase
Net worth	\$2,354	\$6,358	170.1
Value production livestock	977	1,511	54.7
Value workstock and equipment	686	1,969	187.0
Gross family income of previous year	2,304	4,257	84.8

Farm Housing Loans and Grants

Title V of the Housing Act of 1949 authorizes loans and grants to owners of farms for the construction, improvement, alteration, repair or replacement of dwellings and other farm buildings. Loans for enlargement and development are also authorized on certain farms receiving loans for buildings. Funds for this program were first made available in the Supplemental Appropriation Act, 1950, approved October 14, 1949.

The purpose of the Farm Housing program is to assist owners of farms in providing themselves, their tenants, lessees, sharecroppers, and laborers with decent, safe, and sanitary living conditions and adequate farm buildings.

Improvement of farm housing and other farm buildings is one of the most pressing problems of rural areas. Approximately 1,400,000 rural farm dwelling units were in need of major repairs in 1947 according to a report by the Bureau of the Census. A large portion of the 3,000,000 farmers receiving the lower incomes are unable to obtain credit from private and cooperative sources for needed repairs, improvement, or construction at terms which they can reasonably be expected to fulfill.

1. Type of Loans and Grants: Loans and grants of the following types are authorized by the Act.

A. Building Loans:

- (1) Section 502. Loans under this authorization are made to applicants with income sufficient to meet regular amortization payments of principal and interest. These loans are made for such purposes as construction, improvement, alteration, repair or replacement of dwellings and other farm buildings.
- (2) Section 503. Loans under this authorization are made to applicants who must make basic changes in their farm program before the income will be sufficient to meet annual payments of principal and interest. Loans under this authorization also are for the construction, improvement, alteration, repair or replacement of dwellings and other farm buildings.
- (3) Section 504(a). Under this authorization loans or loans in combination with grants are made to farm owner-occupants to cover the cost of minor improvements and repairs necessary for the safety and health of the occupant, his family or the community.

B. Enlargement and Development Loans: Under the authorization of Section 504(b) loans are made for farm enlargement and development in connection with other loan or grant assistance for dwellings and other farm buildings under the authorization of Section 503 and Section 504(a). This type of assistance is designed to encourage adequate family-size farms and to provide the borrower income sufficient to support decent, safe and sanitary housing and other farm buildings.

C. Repair and Improvement Grants: Under Section 504(a) grants alone or in combination with loans are authorized to cover the cost of repairs and improvements necessary for the safety and sanitation of the occupant, his family or the community. Grants alone are made only to owner-occupants unable to repay a loan for such purposes as repairing roofs, providing toilet facilities, providing a sanitary water supply, supplying screens or making other repairs or improvements.

2. Limitation on Loans and Grants Authorized by Section 504(a): The Act limits individual loan and grant assistance under Section 504(a) to a total of \$1,000. Grant assistance, whether or not combined with a loan may not exceed \$500.
3. Terms of Loans: Loans may be made for periods of not to exceed 33 years and interest is charged at 4 percent per annum. Borrowers under Section 503 may received credits as necessary during the first five years of the loan up to the amount of the interest payment and one-half of the principal payment. All Section 503 loans are amortized over the maximum 33 year period. Section 504(a) loans, by administrative limitation, may not be made for

periods exceeding 10 years and are not generally made for more than 5 years. Moratorium on payment of principal and interest may be given to borrowers who due to circumstances beyond their control are unable to continue making payments of principal and interest without unduly impairing their standard of living. In cases of extreme hardship, interest due and payable may be cancelled during the moratorium.

4. Eligibility: Loans are made only to farm owners unable to secure credit for these purposes from other sources upon terms and conditions which they can reasonably be expected to fulfill. Preference is given to veterans and families of deceased servicemen.
5. Supervision and Technical Services: Engineers and local Farmers Home Administration county supervisors furnish technical services to borrowers in connection with building plans, specifications, construction supervision and inspection, and advice and information regarding farm dwellings and other buildings. Borrowers under Section 503 are given assistance as needed by county supervisors in making adjustments in their farm and home operations.
6. Initiation of the Program: The program of extending financial assistance to farm owners for the construction and improvement of dwellings and other farm buildings was initiated during the 1950 fiscal year, with a borrowing authorization of \$25,000,000, for building construction and improvement loans. In addition, \$2,000,000 was appropriated for loans to purchase additional land or to develop farms so that income will be sufficient to provide the family with decent housing, and for grants to farm owners whose buildings are in serious need of repair for safety and sanitation reasons.
7. Applications: A total of 21,747 applications for farm housing loans and grants had been received by June 30, 1950, including 8,368 from veterans.
8. Loan Activity: During the 8-month period of November 1, 1949 through June 30, 1950 which represents the period of activity during the fiscal year, 4,157 loans and grants in the amount of \$18,145,489 were made. Of this total, \$17,865,025 was obligated for building loans leaving a balance of \$7,134,975 available for obligation in the 1951 fiscal year. The major portion of the total loans was for the construction of new dwellings.
9. Contribution Commitments: Section 503 of Title V of the Housing Act of 1949 authorizes the making of annual contributions, up to and including the fifth installment year, in the form of credits on the borrower's indebtedness if the borrower's income is in fact insufficient to enable him to meet the annual installments due. Such contributions may not exceed the annual installment of interest and one-half of the annual principal installment

and are made only to borrowers making basic changes in their farm program in order to increase their income sufficient to repay the uncontributed balance of the loan. Total annual contribution commitments made during the 1950 fiscal year amounted to \$50,589 on 228 Section 503 type loans, totaling \$1,063,894. It is expected that actual contributions will average less per year than commitments made and will be necessary for an average period less than the authorized five years.

The table below shows the number and amounts of the various types of loans and grants made in the 1950 fiscal year.

Section	Number	Loans		Minor Improvement Grants
		Building	Enlargement and Development	
502	3,691	\$16,941,528		
503	228	873,517	\$ 190,377	
504				
Loans without grants	35	32,750	100	
Loans with grants	35	17,230	420	\$15,130
Grants only	168			74,436
Total	4,157	17,865,025	190,897	89,566

See Tables VIII and IX for distribution by states.

Estimated loaning activity in 1951 is as follows:

502	5,180	\$20,724,975		
503	730	2,200,000	\$940,000	
504				
Loans without grants	240	160,000	45,000	
Loans with grants	120	50,000	15,000	\$50,000
Grants only	750			350,000
Total	7,020	23,134,975	1,000,000	400,000

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table 1 - Farm Ownership: Loan Applications and Number of Direct Initial Loans Made and Insured Commitments, 1949 and 1950 Fiscal Years and Cumulative From Inception of Program

State and territory	1949 fiscal year				1950 fiscal year				1950 fiscal year				Direct loans made 1950 fiscal years				Insured commitments 1949, 1950, and 1950 fiscal years			
	Number of loan applications		Number of direct loans made		Number of loan applications		Number of direct loans made		Number of loan applications		Number of direct loans made		Number		Average amount		Number		Average amount	
	On hand beginning of year	Received during year	Total for consideration	Number of direct loans made	On hand beginning of year	Received during year	Total for consideration	On hand end of year	Total for consideration	On hand end of year	Number of direct loans made	Number of insured commitments	Number	Number	1	2	Number	Number	1	2
	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20
U. S. Total.....	34,956	44,720	79,676	1,876	1,157	41,244	51,238	92,482	45,110	1,747	2,268	55,874	46,094	3,763	\$7,317					
Alabama.....	2,677	3,050	5,727	101	16	3,148	3,140	6,288	3,345	75	17	3,745	4,674	54	5,637					
Arizona.....	2,423	2,926	5,349	99	7	2,699	2,988	5,687	2,663	62	38	3,058	4,583	61	4,583					
California.....	364	328	692	8	3	343	332	675	330	19	35	376	9,579	17	9,827					
Colorado.....	314	346	660	6	4	302	536	838	467	9	35	320	9,580	43	9,519					
Connecticut.....	61	20	81	3	0	22	59	81	32	2	0	37	9,667	0	0					
Delaware.....	11	19	30	2	0	28	44	42	42	3	0	79	6,394	2	7,300					
Florida.....	539	807	1,346	25	0	762	625	1,387	708	18	9	491	5,212	11	6,432					
Georgia.....	2,617	4,001	6,618	135	63	4,046	5,067	9,113	4,306	76	143	4,764	4,247	225	4,699					
Idaho.....	383	439	822	28	2	459	625	1,084	583	38	39	404	8,270	41	9,141					
Illinois.....	225	408	633	24	9	415	632	1,047	607	17	32	883	9,119	51	7,534					
Indiana.....	540	753	1,293	20	23	813	1,144	1,957	1,381	26	36	1,286	8,657	70	9,156					
Iowa.....	787	624	1,411	57	35	883	1,295	2,178	1,381	65	115	1,126	8,828	160	9,090					
Kansas.....	949	932	1,881	51	97	1,046	1,574	2,623	1,034	62	60	1,039	8,265	210	8,485					
Kentucky.....	1,310	1,074	2,384	42	6	1,115	1,043	2,158	955	22	9	1,065	7,237	28	6,585					
Louisiana.....	822	1,445	2,327	42	14	1,303	1,547	2,850	1,481	28	19	1,657	5,689	34	6,074					
Maine.....	127	162	289	15	0	172	194	366	128	10	26	153	6,670	26	6,310					
Marquette.....	143	196	344	8	14	142	219	361	175	11	16	293	7,517	35	7,340					
Massachusetts.....	423	608	1,031	13	46	534	714	1,248	439	18	75	851	8,279	4	9,773					
Minnesota.....	470	995	1,465	79	91	586	1,729	2,315	976	128	116	2,134	5,138	240	7,060					
Mississippi.....	1,982	2,914	4,896	139	22	2,621	3,472	6,093	3,197	147	36	3,970	5,620	61	5,027					
Missouri.....	2,005	2,597	4,593	108	168	2,237	3,017	5,254	1,565	128	156	2,290	6,030	346	6,089					
Montana.....	219	257	476	15	5	252	485	737	404	16	28	375	7,623	33	10,065					
Nebraska.....	512	725	1,237	25	29	707	823	1,530	773	31	33	794	10,002	65	9,863					
Nevada.....	34	81	115	1	0	68	57	125	42	8	0	32	10,927	0	0					
New Hampshire.....	27	98	125	3	0	70	66	136	84	2	2	37	5,910	2	7,040					
New Jersey.....	106	314	420	21	9	113	226	339	104	17	21	218	9,004	37	8,739					
New Mexico.....	235	170	405	13	0	182	173	355	104	6	18	150	9,502	18	10,314					
New York.....	268	285	553	11	16	185	347	532	196	9	25	638	6,350	50	6,149					
North Carolina.....	1,946	2,509	4,455	121	46	2,000	2,879	4,879	2,694	83	127	3,160	4,592	189	5,189					
North Dakota.....	351	553	904	40	28	474	647	1,121	527	24	56	616	7,632	96	8,911					
Oklahoma.....	442	698	1,140	40	11	611	1,292	1,903	973	35	43	959	7,920	58	8,071					
Oregon.....	1,960	1,652	3,612	87	24	1,387	1,924	3,311	1,601	105	72	2,979	5,938	100	7,371					
Pennsylvania.....	224	231	455	8	5	244	293	537	257	5	34	382	6,364	40	9,596					
Rhode Island.....	437	701	1,138	38	44	544	979	1,523	674	34	92	867	6,197	143	6,369					
South Carolina.....	1,117	1,228	2,345	86	0	1,425	1,977	2,622	1,121	42	0	2,390	4,551	60	5,405					
South Dakota.....	257	570	827	12	16	550	663	1,213	640	15	66	599	8,031	89	9,672					
Tennessee.....	1,523	1,980	3,503	73	8	1,776	2,049	3,825	1,842	65	47	1,984	5,732	55	6,163					
Texas.....	3,365	3,564	6,929	104	88	3,305	2,757	6,062	2,529	77	202	4,695	7,816	301	8,726					
Utah.....	289	349	638	24	3	393	346	739	317	14	19	282	9,189	22	10,552					
Vermont.....	124	177	301	21	2	181	203	384	174	4	14	150	6,165	22	6,153					
Virginia.....	363	595	958	27	1	584	759	1,343	748	19	35	1,028	5,694	42	7,137					
Washington.....	479	394	873	17	5	594	536	1,130	530	21	37	327	7,778	42	10,203					
West Virginia.....	279	350	629	16	15	318	478	796	378	23	13	559	4,949	30	5,153					
Wisconsin.....	387	590	1,377	43	152	1,284	1,919	2,747	1,444	31	215	1,645	4,842	399	6,633					
Wyoming.....	77	68	145	7	1	37	107	144	65	3	7	201	7,701	8	9,769					
Alaska.....	4	4	8	0	0	0	7	8	7	0	0	5	9,862	0	0					
Hawaii.....	34	94	128	20	0	85	123	208	74	4	12	290	6,332	12	7,784					
Puerto Rico.....	546	1,184	1,730	19	0	1,160	804	1,964	969	36	0	775	5,244	0	0					
Virgin Islands.....	2	6	8	2	0	6	7	13	0	3	0	5	3,118	0	0					

Note: This table includes all Tenant Purchase, Farm Enlargement, and Farm Development loans from appropriated funds and such loans made by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.

UNITED STATES DEPARTMENT OF AGRICULTURE
FARMERS HOME ADMINISTRATION

Table 1 - Farm Ownership: Loan Applications From Veterans, Number of Direct Initial Loans Made and Insured Commitments, and Average Amount, 1949 and 1950 Fiscal Years and Cumulative From 1945 Year

State and territory	1949 fiscal year						1950 fiscal years										Direct loans made 1945 through 1950 fiscal years				Insured commitments 1945 through 1950 fiscal years			
	Number of loan applications			Direct loans made			Insured commitments			Number of loan applications			Direct loans made			Insured commitments			Number	Average amount	Number	Average amount	Number	Average amount
	On hand beginning of year	Received during year	Total for consideration	Number	Average amount	Number	On hand beginning of year	Received during year	Total for consideration	On hand beginning of year	Received during year	Total for consideration	Number	Average amount	Number	Average amount	Number	Average amount						
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19						
U. S. Total.....	20,471	26,245	46,716	1,468	\$7,410	317	\$6,394	24,512	31,988	56,500	28,314	1,723	\$7,889	723	\$7,058	9,651	\$7,777	1,098	\$6,819					
Alabama.....	1,620	2,111	3,731	88	5,933	3	5,461	2,105	2,294	4,399	2,462	72	6,298	7	5,704	412	6,227	21	5,583					
Arizona.....	35	14	49	6	11,488	0	0	53	70	123	48	0	0	0	0	30	10,832	0	0					
Arkansas.....	1,613	1,931	3,544	77	5,044	10	4,052	1,732	2,045	3,777	1,781	82	4,803	7	4,608	619	5,064	17	4,281					
California.....	114	202	316	5	11,308	1	8,460	174	228	402	219	9	10,269	4	9,762	68	11,497	5	9,502					
Colorado.....	219	206	425	5	10,406	2	9,825	174	204	448	273	9	10,251	7	8,578	57	10,762	9	8,855					
Connecticut.....	36	13	49	2	8,322	0	0	15	43	58	22	2	11,122	0	0	15	10,105	0	0					
Delaware.....	5	9	14	1	7,000	0	0	13	8	21	1	0	0	0	0	19	7,492	0	0					
Florida.....	386	567	953	21	6,382	0	0	520	491	1,011	522	17	6,160	6	6,483	156	6,732	7	5,986					
Georgia.....	1,382	2,134	3,516	87	5,213	31	4,323	2,827	3,092	5,919	2,985	37	5,574	78	4,695	531	5,632	114	5,576					
Idaho.....	263	318	581	25	10,247	1	9,700	313	406	719	389	37	10,425	1	7,100	159	10,433	2	8,400					
Illinois.....	98	187	285	16	7,851	3	4,887	180	313	493	294	17	9,096	5	7,002	99	8,377	9	6,701					
Indiana.....	199	324	523	14	8,977	1	4,600	292	566	858	465	25	10,188	5	7,736	99	9,308	5	7,109					
Iowa.....	414	264	678	40	9,241	4	6,898	391	661	1,052	579	65	10,416	16	8,539	131	9,715	20	8,199					
Kansas.....	383	481	864	48	9,748	19	9,109	396	605	1,001	491	62	10,246	12	9,771	259	9,795	32	9,275					
Kentucky.....	622	602	1,224	22	8,646	1	9,900	604	636	1,240	599	62	10,242	0	0	107	8,676	5	7,833					
Louisiana.....	565	802	1,367	34	6,555	2	5,775	799	978	1,777	1,026	27	7,447	8	5,666	166	6,679	10	5,688					
Maine.....	110	129	239	14	8,822	0	0	142	127	269	82	14	7,778	18	6,444	101	7,486	18	6,444					
Maryland.....	67	77	144	11	8,257	0	0	65	106	171	84	11	8,135	3	6,733	40	8,543	4	6,512					
Massachusetts.....	23	61	84	6	8,645	0	0	43	90	133	69	0	9,759	0	0	49	9,176	0	0					
Michigan.....	216	337	553	12	9,117	13	7,118	276	417	693	244	17	10,148	38	7,724	162	9,491	54	7,940					
Minnesota.....	219	590	809	64	6,418	20	5,763	300	962	1,262	503	128	7,121	30	7,115	455	6,618	52	6,679					
Mississippi.....	1,376	1,814	3,190	106	6,988	14	5,574	1,573	2,678	4,251	2,414	145	6,114	16	4,567	689	6,792	32	5,022					
Missouri.....	1,091	1,521	2,612	92	7,319	31	6,238	1,265	1,866	3,131	1,582	128	6,939	7	5,425	500	7,227	81	5,732					
Montana.....	139	154	293	13	10,595	0	0	161	266	427	227	16	12,682	7	9,569	108	11,314	7	9,569					
Nebraska.....	231	318	549	21	11,161	5	10,029	309	398	707	370	31	11,346	3	8,911	126	10,827	9	9,592					
Nevada.....	25	42	67	1	9,900	0	0	42	38	80	27	6	10,533	0	0	23	11,167	0	0					
New Hampshire.....	14	53	67	3	9,067	0	0	38	48	86	30	2	6,765	0	0	13	8,037	0	0					
New Jersey.....	74	170	244	18	8,869	3	8,983	88	147	235	53	17	8,661	9	8,110	146	9,360	16	8,545					
New Mexico.....	190	142	332	11	11,423	0	0	86	114	200	73	7	10,521	5	10,140	97	11,103	18	10,140					
New York.....	155	165	320	8	7,695	6	7,149	102	182	284	103	9	7,957	10	6,276	238	7,256	18	6,375					
North Carolina.....	986	1,297	2,283	91	5,871	13	4,282	961	1,784	2,745	1,558	83	6,225	47	5,293	365	5,848	62	5,032					
North Dakota.....	179	229	408	11	9,793	8	8,399	215	271	486	223	24	9,747	13	9,005	129	9,824	22	8,719					
Ohio.....	230	502	732	30	7,786	4	9,648	330	796	1,126	590	35	9,005	11	7,718	125	8,688	16	7,967					
Oklahoma.....	1,261	1,181	2,442	71	7,473	5	6,267	990	1,330	2,320	1,197	105	7,751	22	7,287	608	7,254	27	7,098					
Oregon.....	147	121	268	5	11,560	0	0	136	141	277	131	5	11,880	4	9,650	73	11,047	4	9,650					
Pennsylvania.....	260	417	677	32	6,382	16	6,171	338	616	954	447	34	7,029	39	6,555	265	6,763	59	6,344					
Rhode Island.....	2	4	6	0	0	0	0	0	0	0	5	0	0	0	0	1	10,900	0	0					
South Carolina.....	640	769	1,409	63	5,724	5	5,292	872	782	1,654	717	42	6,104	16	4,594	204	5,863	24	4,760					
South Dakota.....	128	265	393	30	10,184	3	8,940	260	338	598	326	15	10,841	21	10,131	89	9,949	24	9,982					
Tennessee.....	966	1,104	2,070	52	7,139	2	8,090	1,078	1,355	2,433	1,215	65	7,014	10	5,970	248	7,322	12	6,317					
Texas.....	2,184	2,149	4,333	79	9,368	35	7,317	1,992	1,520	3,512	1,405	74	10,287	88	9,335	888	9,823	125	8,719					
Utah.....	252	263	515	22	10,918	1	12,425	594	93	1,028	255	37	11,446	10	10,408	217	10,762	11	10,591					
Vermont.....	74	100	174	16	7,605	0	0	64	93	157	87	2	7,462	1	6,460	76	7,372	1	6,460					
Virginia.....	156	318	474	16	7,702	0	0	272	478	750	341	21	8,502	15	7,412	88	8,015	15	7,412					
Washington.....	310	233	543	15	10,795	2	10,800	373	299	672	341	21	10,937	9	10,019	72	10,859	11	10,161					
West Virginia.....	180	241	421	14	5,913	3	4,193	213	333	546	265	23	5,673	3	4,570	83	6,082	6	4,382					
Wisconsin.....	212	496	708	37	7,033	50	5,882	321	585	906	314	31	7,844	70	6,878	239	7,051	127	6,483					
Wyoming.....	55	39	94	4	11,602	0	0	25	65	90	40	3	12,777	1	10,710	78	10,696	1	10,710					
Alaska.....	4	4	8	0	0	0	0	1	5	6	5	0	0	0	0	5	9,862	0	0					
Hawaii.....	8	51	59	12	8,158	0	0	42	55	97	42	4	9,912	2	6,280	31	8,481	2	6,280					
Puerto Rico.....	321	692	1,013	16	7,378	0	0	630	697	1,327	704	33	6,611	0	0	61	7,026	0	0					
Virgin Islands.....	2	2	4	1	3,974	0	0	3	5	8	0	1	6,750	0	0	2	5,362	0	0					

Note: This table includes Tenant Purchase, Farm Enlargement, and Farm Development loans from appropriated funds and such loans made by private lenders which are insured by the Government.

1/ Average amount of initial and subsequent loans.

Table III - Farm Ownership: Direct Loan Program - Total Loan Program - Total Amount Loaned, Number of New Borrowers and Amount Loaned by Loan Purpose, 1950 Fiscal Year

State and territory	Amount loaned			Loans to new borrowers							
	Total	To prior year borrowers and for recoverable costs	2	3	4	Number	Average amount loaned	Amount loaned by loan purpose			
								Purchase of farm and incidental costs	Land improvement	Buildings other than dwellings	Dwellings, new and repair	Refinancing
1	2	3	4	5	6	7	8	9	10		
U. S. Total:	\$14,998,576	\$1,237,330	100.04	1,747	\$7,877	\$2,664	\$8,612,208	\$561,593	\$1,412,630	\$1,574,568	\$1,596,247
Percent distribution...											
Amount.....											
Alabama.....	610,595	148,321	462,274	75	6,164	285,804	13,585	37,457	99,408	26,020	
Arizona.....	32,364	38,723	393,870	82	4,687	183,205	11,115	44,655	90,425	64,470	
Arkansas.....	201,343	6,233	195,110	19	10,269	62,480	13,475	46,975	20,500	51,680	
California.....	101,641	9,381	92,260	9	10,251	58,433	1,485	12,230	3,600	16,512	
Colorado.....	22,664	420	22,244	2	11,122	0	1,474	1,120	60	19,590	
Connecticut.....	4,776	0	0	0	0	0	0	0	0	0	
Delaware.....	17,124	108,156	108,156	18	6,009	66,386	12,540	5,370	19,050	4,800	
Florida.....	125,260	423,612	423,612	76	5,574	273,876	27,745	33,499	64,967	23,585	
Georgia.....	525,462	101,850	399,710	38	10,256	201,120	17,630	60,715	49,615	60,630	
Idaho.....	4,883	4,208	154,625	17	9,096	107,061	17,500	10,316	7,698	12,050	
Illinois.....	273,235	12,313	260,922	26	10,035	168,750	15,963	21,217	5,807	49,185	
Indiana.....	679,159	2,104	677,055	65	10,416	490,183	19,885	34,550	17,180	107,257	
Iowa.....	653,906	18,651	635,255	62	10,286	475,923	15,170	53,168	50,558	40,436	
Kansas.....	188,140	6,809	181,331	22	8,282	82,910	19,989	21,577	19,055	37,800	
Kentucky.....	228,380	16,500	211,880	28	7,567	99,015	20,195	19,395	54,775	18,500	
Louisiana.....	103,044	25,284	77,760	10	7,780	48,775	1,330	12,005	1,920	13,750	
Maine.....	53,594	4,069	49,525	11	8,135	66,580	670	9,385	5,220	5,630	
Maryland.....	64,369	4,764	59,605	6	9,924	51,455	1,045	4,440	705	1,900	
Massachusetts.....	194,566	11,396	183,170	18	10,195	109,665	4,150	10,880	8,460	50,355	
Michigan.....	926,270	14,765	911,505	128	7,121	580,195	22,915	107,110	62,158	139,127	
Minnesota.....	1,063,100	172,390	890,710	147	6,059	504,218	37,010	69,885	194,250	85,427	
Mississippi.....	909,522	21,313	888,207	128	6,939	489,956	76,430	65,983	156,530	156,530	
Missouri.....	213,542	10,622	202,920	16	12,682	100,045	2,500	22,270	30,445	47,660	
Montana.....	360,558	8,888	351,670	31	11,346	306,610	6,275	24,025	14,820	0	
Nebraska.....	89,414	214	89,200	8	11,150	30,775	1,600	17,475	24,250	15,100	
Nevada.....	14,605	1,075	13,530	2	6,765	0	970	4,525	600	7,435	
New Hampshire.....	162,081	14,844	147,237	17	8,661	97,426	2,255	30,701	2,875	13,980	
New Jersey.....	99,985	16,585	83,400	8	10,425	62,375	490	7,105	10,430	3,000	
New Mexico.....	100,828	29,218	71,610	9	7,957	52,180	800	8,845	3,285	6,500	
New York.....	569,649	52,969	516,680	83	6,225	329,011	23,159	60,715	53,085	70,710	
North Carolina.....	237,055	3,135	233,920	24	9,747	129,052	3,675	31,557	37,941	31,695	
North Dakota.....	322,430	7,270	315,160	35	9,005	204,878	14,542	26,825	5,670	63,245	
Ohio.....	856,038	42,218	813,820	105	7,751	539,116	22,081	90,257	89,969	72,397	
Oklahoma.....	69,324	29,924	59,400	5	11,880	17,000	4,900	8,165	21,735	7,600	
Oregon.....	246,180	7,192	238,988	34	7,029	173,379	6,656	22,245	8,088	28,620	
Pennsylvania.....	0	0	0	0	0	0	0	0	0	0	
Rhode Island.....	310,114	53,764	256,350	42	6,104	176,375	5,995	22,055	44,350	7,585	
South Carolina.....	163,229	607	162,622	15	10,841	117,429	996	23,686	11,961	8,550	
South Dakota.....	485,979	30,069	455,910	65	7,014	277,133	19,377	57,815	58,575	42,810	
Tennessee.....	978,907	185,652	793,255	77	10,302	593,683	17,251	67,549	95,541	19,231	
Texas.....	428,132	4,627	423,505	37	11,446	229,365	15,490	50,130	53,160	75,360	
Utah.....	36,037	8,307	27,730	4	6,932	22,540	740	1,700	2,750	0	
Vermont.....	175,257	13,723	161,534	19	8,502	108,489	13,150	17,560	21,245	1,150	
Virginia.....	238,315	8,630	229,685	21	10,937	83,422	16,200	39,336	33,027	57,700	
Washington.....	136,366	5,888	130,480	23	5,673	82,270	13,535	14,340	6,535	13,800	
West Virginia.....	256,759	13,609	243,150	31	7,844	218,665	2,855	14,930	700	6,000	
Wisconsin.....	46,270	7,940	38,330	3	12,771	25,876	240	6,935	5,277	0	
Wyoming.....	0	0	0	0	0	0	0	0	0	0	
Alaska.....	37	97	0	0	0	0	0	0	0	0	
Hawaii.....	64,010	25,260	39,750	4	9,912	27,700	400	5,100	6,450	0	
Puerto Rico.....	318,843	8,441	310,402	36	8,622	206,442	11,470	17,550	74,900	0	
Virgin Islands.....	10,000	0	0	3	3,333	1,880	2,050	0	5,350	720	

Table IV - Farm Ownership: Number of Insured Loan Borrowers and Amount of Insured Commitments,
by Loan Purpose, 1950 Fiscal Year

State and territory	Number of borrowers	Amount of insured commitments						
		Total	Average	By loan purposes				
				Purchase of farm and incidental costs	Land improvement	Buildings other than dwellings	Dwellings, new and repair	
1	2	3	4	5	6	7	8	
U. S. Total:								
Percent distribution—		100.0%						
Amount.....	2,268	\$17,125,004	\$7,551	\$4,226	\$806,807	\$2,276,065	\$2,277,394	
Alabama.....	17	96,715	5,699	41,760	3,985	12,030	24,440	
Arizona.....	1	10,800	0	0	75	3,275	2,200	
Arkansas.....	38	182,578	4,805	31,228	5,965	29,292	65,530	
California.....	13	129,420	9,955	41,100	0	10,950	24,665	
Colorado.....	35	330,985	9,457	135,269	14,355	42,975	45,555	
Connecticut.....	0	0	0	0	0	0	0	
Delaware.....	1	7,400	7,400	0	0	1,775	1,475	
Florida.....	9	61,677	6,853	16,860	8,575	2,275	18,300	
Georgia.....	143	683,402	4,779	257,594	46,940	65,559	190,036	
Iaho.....	39	359,625	9,221	40,962	29,420	69,295	101,323	
Illinois.....	32	248,080	7,782	77,587	32,558	27,678	13,136	
Indiana.....	38	181,259	4,769	147,711	21,953	40,625	9,545	
Iowa.....	115	1,087,466	9,456	465,590	42,541	78,479	61,885	
Kansas.....	80	773,556	9,669	442,017	40,258	81,253	47,399	
Kentucky.....	9	86,373	8,930	21,212	9,947	5,235	7,099	
Louisiana.....	19	112,010	5,895	29,813	11,820	14,290	32,962	
Maine.....	26	164,057	6,310	83,012	1,800	39,195	33,590	
Maryland.....	16	116,710	7,294	62,523	950	15,674	14,163	
Massachusetts.....	1	10,191	10,191	9,276	500	350	65	
Michigan.....	75	597,251	7,963	309,201	13,935	83,675	66,800	
Minnesota.....	116	868,822	7,490	469,096	18,085	137,243	67,930	
Mississippi.....	36	176,430	4,901	65,717	14,135	41,135	40,683	
Missouri.....	156	938,407	6,015	273,139	100,140	125,647	87,934	
Montana.....	28	289,620	10,344	90,855	7,040	40,495	71,155	
Nebraska.....	33	321,037	9,728	234,662	9,030	30,085	20,070	
Nevada.....	0	0	0	0	0	0	0	
New Hampshire.....	2	14,080	7,040	0	750	7,685	1,645	
New Jersey.....	21	178,288	8,490	107,028	5,375	42,535	4,180	
New Mexico.....	18	185,650	10,314	33,985	5,010	28,930	57,483	
New York.....	25	167,119	6,685	140,250	1,100	12,064	7,216	
North Carolina.....	127	668,625	5,265	206,810	44,122	97,365	120,365	
North Dakota.....	56	504,775	9,014	211,765	11,200	84,360	103,778	
Ohio.....	43	353,938	8,231	164,308	22,845	34,775	33,700	
Oklahoma.....	72	346,077	7,597	278,350	9,460	68,564	85,175	
Oregon.....	34	328,030	9,648	12,200	14,070	60,455	72,100	
Pennsylvania.....	92	590,475	6,418	334,224	20,299	76,386	33,183	
Rhode Island.....	0	0	0	0	0	0	0	
South Carolina.....	45	243,504	5,411	93,391	6,040	17,775	67,470	
South Dakota.....	66	644,268	9,762	376,410	5,065	87,952	49,737	
Tennessee.....	47	284,956	6,063	81,146	23,380	55,835	53,940	
Texas.....	202	1,850,917	9,163	1,051,457	48,980	198,057	312,833	
Utah.....	19	198,415	10,443	37,711	7,525	28,290	46,790	
Vermont.....	4	23,314	5,828	10,489	500	6,690	1,085	
Virginia.....	35	271,317	7,752	111,507	21,107	37,396	41,594	
Washington.....	37	375,868	10,159	48,054	62,695	84,350	70,938	
West Virginia.....	13	67,725	5,210	10,478	8,072	10,952	3,310	
Wisconsin.....	215	1,468,929	6,832	891,891	37,040	192,865	45,638	
Wyoming.....	7	68,925	9,846	28,270	150	16,355	12,950	
Alaska.....	0	0	0	0	5,600	22,794	0	
Hawaii.....	12	93,404	7,784	0	0	34,200	2,100	
Puerto Rico.....	0	0	0	0	0	0	0	
Virgin Islands.....	0	0	0	0	0	0	0	

Note: This table covers the loans made to Tenant Purchase, Farm Enlargement, and Farm Development borrowers by private lenders, which are insured by the Government. It does not cover the amounts expended for the same loan purposes by the borrower from his personal funds.

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Table 1 - Farm Ownership: Borrowers' Direct Loan Accounts - Number of Borrowers, Amount Loaned, and Payments, Cumulative Through March 31, 1950

State and territory	Total number of borrowers	Borrowers paid in full				Borrowers with unpaid balance as of March 31, 1950						
		Total amount loaned	Payments		Number	Interest	Number	Scheduled installments	Total	Payments		Extra payments made on schedule and refunds
			Principal	Total						Regular payments made on scheduled installments	As percent of schedule	
1	2	3	4	5	6	7	8	9	10	11	12	
U. S. Total.....	62,031	\$362,510,900	22,259	\$138,653,381	\$121,727,307	\$16,926,074	39,772	\$52,569,682	\$80,591,979	\$70,114,997	133	\$10,476,982
Alabama.....	4,363	18,894,904	1,734	7,676,542	6,758,767	917,775	2,629	2,900,166	4,626,056	3,641,162	126	984,894
Arizona.....	69	945,884	16	189,484	159,955	19,469	3	97,727	126,907	125,587	126	3,360
Arkansas.....	4,154	18,156,677	1,256	5,905,729	5,104,332	801,397	2,898	2,911,409	4,004,371	3,431,487	118	572,884
California.....	373	3,533,486	157	1,490,169	1,301,599	188,570	216	442,470	611,354	563,864	127	47,490
Colorado.....	433	3,665,992	204	1,830,467	1,633,088	205,379	229	457,696	637,961	603,612	132	34,369
Connecticut.....	37	359,409	10	99,904	91,773	8,131	27	41,993	51,300	46,870	112	4,430
Delaware.....	79	497,923	25	170,857	150,405	20,452	54	70,241	88,108	74,086	105	14,022
Florida.....	594	2,859,837	165	768,147	676,617	91,530	429	363,437	535,501	407,336	111	128,165
Georgia.....	5,259	21,413,584	1,702	7,205,408	6,312,065	893,343	3,577	3,673,093	5,684,788	4,382,991	119	1,301,797
Iaho.....	428	3,441,182	121	889,353	793,851	95,502	307	373,758	531,942	471,011	126	60,931
Illinois.....	879	7,996,369	416	4,290,314	3,732,411	557,903	463	1,294,141	2,123,470	1,984,107	153	139,363
Indiana.....	836	7,176,549	330	3,056,546	2,691,937	364,609	506	1,064,936	1,914,070	1,812,054	170	102,016
Iowa.....	1,110	9,873,522	551	5,619,419	4,897,469	721,950	559	1,216,791	2,035,394	1,938,091	159	97,303
Kansas.....	1,081	9,456,090	365	3,483,828	3,075,293	408,235	716	1,259,489	1,920,149	1,821,951	145	98,198
Kentucky.....	1,154	8,235,435	597	4,632,656	4,072,461	560,195	557	1,077,723	1,933,869	1,817,541	169	116,328
Louisiana.....	2,141	11,020,443	543	3,331,511	2,860,019	471,492	1,598	2,039,885	2,951,048	2,531,546	124	419,502
Maine.....	186	1,070,832	40	201,620	184,227	17,393	146	116,917	179,889	159,773	137	20,116
Maryland.....	291	2,176,445	69	532,184	467,155	65,029	222	116,021	456,916	388,556	122	68,360
Massachusetts.....	81	668,613	16	123,088	112,819	10,269	65	77,184	76,816	58,860	76	17,956
Michigan.....	925	5,571,483	332	1,876,833	1,653,000	223,833	593	862,514	1,227,202	1,129,545	131	97,657
Minnesota.....	2,332	12,477,377	940	5,462,616	4,811,797	650,819	1,392	1,540,803	2,557,489	2,425,129	157	132,360
Mississippi.....	4,721	24,770,649	1,104	5,278,861	4,501,239	777,622	3,617	4,248,198	5,350,571	4,270,767	101	1,079,764
Missouri.....	2,496	14,915,017	903	5,419,791	4,745,294	674,497	1,593	2,084,924	3,037,865	2,875,372	138	162,493
Montana.....	600	4,081,455	184	1,241,493	1,100,228	141,265	416	586,279	681,792	637,461	109	44,331
Nebraska.....	792	7,887,105	405	4,451,080	3,963,018	488,062	387	1,230,759	1,205,211	1,205,211	166	25,528
Nevada.....	30	303,956	5	37,584	35,377	2,207	25	27,281	25,991	24,592	90	1,399
New Hampshire.....	35	207,080	9	50,395	44,625	5,773	26	29,625	29,498	24,359	82	5,139
New Jersey.....	215	1,927,521	31	231,510	210,785	20,725	184	236,893	270,771	222,010	94	48,761
New Mexico.....	231	2,109,494	75	669,919	596,868	73,051	156	224,417	335,594	306,958	137	28,636
New York.....	715	4,424,857	193	1,210,113	1,071,840	138,273	522	605,782	869,402	721,039	119	148,363
North Carolina.....	3,518	16,180,496	1,517	7,563,968	6,687,925	876,043	2,001	2,280,795	3,994,332	3,368,418	149	605,914
North Dakota.....	696	5,200,922	304	2,395,588	2,086,262	223,328	392	622,963	1,007,933	974,282	156	33,651
Ohio.....	1,036	7,942,493	433	3,666,990	3,218,390	448,600	603	1,141,980	1,759,829	1,559,848	137	199,981
Oklahoma.....	3,098	18,326,154	1,207	7,273,838	6,396,637	877,201	1,891	2,548,891	4,071,934	3,594,903	141	477,031
Oregon.....	453	2,996,469	233	1,380,951	1,228,949	152,002	220	325,401	488,016	432,108	133	55,998
Pennsylvania.....	888	5,475,257	233	1,551,930	1,359,710	192,120	655	783,454	1,198,678	1,029,158	131	169,520
Rhode Island.....	5	40,072	1	6,547	5,890	697	4	606	6,410	6,410	139	0
South Carolina.....	2,664	11,732,433	853	4,044,493	3,549,042	495,451	1,811	2,220,660	3,364,884	2,591,819	117	773,065
South Dakota.....	623	4,989,163	308	2,616,991	2,319,215	297,776	315	513,729	902,005	874,326	170	27,679
Tennessee.....	2,052	11,589,188	837	5,008,169	4,301,438	616,731	1,215	1,704,212	2,924,402	2,626,750	154	297,652
Texas.....	5,013	37,906,943	1,955	15,529,660	13,610,967	1,941,693	3,058	5,186,277	8,149,274	7,420,936	143	998,338
Utah.....	286	2,692,697	140	1,236,554	1,082,956	153,598	117	201,956	318,340	297,280	102	18,420
Vermont.....	149	1,732,091	32	189,359	162,618	26,741	117	98,151	113,824	96,725	92	23,099
Virginia.....	1,056	5,873,724	477	2,660,909	2,338,676	322,223	579	889,177	1,490,869	1,270,348	144	220,521
Washington.....	350	2,692,630	134	939,259	841,512	97,747	216	352,153	499,406	456,923	130	42,483
West Virginia.....	554	2,741,532	169	864,687	755,676	109,011	385	478,490	795,000	625,200	131	169,800
Wisconsin.....	1,726	8,252,368	769	3,699,929	3,302,631	397,298	957	1,006,014	1,699,033	1,571,634	156	127,559
Wyoming.....	202	1,562,203	46	324,377	291,131	33,046	156	199,013	240,346	226,580	114	13,766
Alaska.....	5	49,310	0	0	0	0	5	4,863	3,038	2,999	62	39
Hawaii.....	252	1,527,867	117	744,817	653,140	91,677	135	183,103	253,029	218,017	119	35,012
Puerto Rico.....	744	3,726,476	96	592,696	507,940	84,356	648	759,290	932,554	750,745	99	181,869
Virgin Islands.....	1	3,974	0	0	0	0	1	5	0	0	0	0

Note: Covers all Tenant Purchase, Farm Enlargement, and Farm Development Loans from appropriated funds and non-cash advances on rural rehabilitation project liquidation farms. Paid-up borrowers include those paid up through repossession.

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Table VI - Farm Ownership: Borrowers' Insured Loan Accounts - Number of Borrowers, Amount Loaned, and Payments, Cumulative Through March 31, 1950

State and territory	Total number of borrowers	Cumulative payments by the borrower					Borrowers with unpaid balance as of March 31, 1950					
		Total	Principal	Interest to lenders	Mortgage insurance charges	Number	Scheduled installments	Payments			Extra payments and refunds	
								Total	Regular and advance payments made on scheduled installments			
									Amount	As percent of schedule		
	1	2	3	4	5	6	7	8	9	10	11	12
U. S. Total.....	2,445	\$17,604,520	\$883,224	\$476,243	\$279,522	\$125,459	2,438	\$648,831	\$841,614	\$779,071	120	\$62,543
Alabama.....	48	275,883	22,138	12,011	6,878	3,249	48	16,762	22,138	18,125	108	4,013
Arizona.....	2	21,400	673	112	361	180	2	673	673	673	100	0
Arkansas.....	43	185,635	12,266	8,080	2,903	1,283	42	6,607	7,450	7,450	113	0
California.....	4	35,635	1,341	356	696	289	4	1,149	1,341	1,341	117	0
Colorado.....	15	144,415	6,834	3,027	2,725	1,082	15	6,493	6,834	6,834	105	0
Connecticut.....	0	0	0	0	0	0	0	0	0	0	0	0
Delaware.....	2	14,600	828	408	273	147	2	756	828	828	110	0
Florida.....	4	21,675	1,861	1,323	364	174	4	909	1,861	1,861	205	0
Georgia.....	153	704,293	39,077	24,723	9,442	4,912	152	24,126	33,813	27,757	115	6,056
Idaho.....	13	117,725	774	102	377	295	13	872	774	774	89	0
Illinois.....	33	228,521	12,713	5,893	4,797	2,023	33	12,315	12,713	12,665	103	48
Indiana.....	55	507,326	24,119	13,859	7,062	3,498	54	17,345	20,766	20,073	116	693
Iowa.....	110	967,170	25,256	12,082	8,705	4,869	110	21,073	25,256	25,027	119	229
Kansas.....	166	1,472,849	101,134	56,283	31,522	13,322	166	73,202	101,134	89,672	122	11,462
Kentucky.....	19	163,326	22,913	15,631	5,126	2,156	19	12,498	22,913	21,064	169	1,849
Louisiana.....	19	117,010	4,472	2,029	1,714	729	19	3,144	4,472	4,472	142	0
Maine.....	10	55,443	254	95	86	73	10	319	254	254	80	0
Maryland.....	24	177,017	7,446	2,763	3,159	1,524	24	7,593	7,446	7,177	95	269
Massachusetts.....	3	28,900	690	140	365	165	3	690	690	690	100	0
Michigan.....	104	841,943	48,832	22,667	18,456	7,709	104	38,394	48,832	40,743	106	8,089
Minnesota.....	188	1,309,388	83,223	46,029	26,228	10,966	187	58,251	71,920	71,608	123	312
Mississippi.....	33	171,065	8,463	4,159	2,904	1,400	33	7,268	8,463	8,332	115	131
Missouri.....	265	1,627,167	83,973	40,831	30,034	13,108	265	70,177	83,973	79,795	114	4,178
Montana.....	18	172,710	5,322	1,227	476	18	18	2,912	5,322	3,707	127	1,615
Nebraska.....	53	523,018	21,301	8,704	9,032	3,565	53	19,540	21,301	20,469	105	812
Nevada.....	0	0	0	0	0	0	0	0	0	0	0	0
New Hampshire.....	0	0	0	0	0	0	0	0	0	0	0	0
New Jersey.....	21	189,575	10,997	5,178	4,033	1,786	21	9,984	10,997	10,997	110	0
New Mexico.....	1	7,200	7	1	4	2	1	7	7	7	100	0
New York.....	27	180,068	9,416	4,653	3,295	1,478	27	7,441	9,416	7,957	107	1,459
North Carolina.....	118	596,210	35,296	23,112	8,160	4,024	118	22,051	35,296	33,536	152	1,760
North Dakota.....	61	536,909	28,242	15,957	8,047	4,238	61	23,541	28,242	26,099	111	2,143
Ohio.....	35	280,844	9,916	5,518	3,007	1,391	35	6,779	9,916	9,530	141	386
Oklahoma.....	55	375,542	16,606	9,743	4,584	2,299	55	10,667	16,606	14,931	140	1,675
Oregon.....	31	291,675	5,519	1,656	2,703	1,160	31	5,329	5,519	5,519	104	0
Pennsylvania.....	69	435,537	19,940	10,218	6,864	2,958	69	14,160	19,940	14,781	104	5,159
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0
South Carolina.....	33	183,329	4,393	1,853	1,675	865	33	4,368	4,393	3,895	89	498
South Dakota.....	50	466,608	23,915	13,614	7,042	3,259	50	16,635	23,915	23,515	141	400
Tennessee.....	22	142,321	2,143	729	880	534	22	2,096	2,143	2,143	102	0
Texas.....	194	1,635,067	82,922	54,197	19,619	9,106	193	44,854	73,962	68,098	152	5,864
Utah.....	13	137,840	1,047	189	403	145	13	1,072	1,047	1,047	98	0
Vermont.....	3	20,065	321	160	115	46	3	321	321	321	100	0
Virginia.....	12	83,069	7,974	5,969	1,335	670	11	3,218	3,535	3,476	108	59
Washington.....	22	230,595	5,597	1,778	3,061	1,218	22	5,985	5,597	5,597	100	0
West Virginia.....	22	110,888	4,772	2,018	1,933	821	22	3,866	4,772	4,772	123	0
Wisconsin.....	261	1,727,115	76,822	36,552	28,169	12,194	260	62,604	73,647	70,263	112	3,384
Wyoming.....	3	27,725	539	306	103	130	3	549	539	539	96	0
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0
Hawaii.....	8	61,864	237	9	97	131	8	236	237	237	100	0
Puerto Rico.....	0	0	0	0	0	0	0	0	0	0	0	0
Virgin Islands.....	0	0	0	0	0	0	0	0	0	0	0	0

Note: This table covers the Tenant Purchase, Farm Enlargement, and Farm Development loans made by private lenders, which are insured by the Government. Columns 1 through 6 include seven borrowers whose accounts are paid in full.

Table VII - Farm Ownership: Direct Initial Loans - Average Size of Farm Purchased and Loan per Acre
in 1940, 1945, 1946, 1947, 1948, 1949, and 1950 Fiscal Years

State and territory	Average acreage of 30 acres or more in 1945	Average size of farm purchased in fiscal year						Average loan per acre in fiscal year									
		1940	1945	1946	1947	1948	1949	1950	1940	1945	1946	1947	1948	1949	1950	1940	1950
U. S. Total.....	260	139	130	162	166	151	132	144	\$43	\$46	\$47	\$46	\$49	\$57	\$57	\$57	\$57
Alabama.....	117	125	83	94	111	93	79	90	34	56	64	50	65	75	69	75	69
Arizona.....	5,414	73	54	114	95	137	133	75	99	149	105	117	23	97	160	97	160
Arkansas.....	127	101	89	128	113	134	116	113	48	56	56	46	37	48	44	48	44
California.....	534	51	54	68	56	186	45	55	164	214	169	202	57	250	213	250	213
Colorado.....	946	349	466	377	325	347	146	239	31	24	27	33	29	75	46	75	46
Connecticut.....	118	78	50	52	153	78	86	0	102	183	203	72	133	93	0	93	0
Delaware.....	134	122	125	120	132	148	77	0	46	71	56	56	52	94	0	52	94
Florida.....	365	138	137	115	105	137	115	165	29	35	53	66	44	57	37	66	57
Georgia.....	131	126	107	127	123	122	112	121	32	40	78	44	44	77	46	44	77
Idaho.....	372	120	73	137	205	109	131	152	77	142	78	51	95	79	71	95	79
Illinois.....	180	138	151	137	155	148	133	140	79	59	57	60	52	54	69	52	54
Indiana.....	141	121	100	110	123	117	123	92	80	89	81	75	80	113	81	80	113
Iowa.....	151	138	171	139	163	169	147	156	64	50	63	75	50	69	71	50	69
Kansas.....	366	271	217	229	229	224	166	188	33	41	42	40	44	59	54	44	59
Kentucky.....	114	132	131	119	126	103	101	120	64	46	63	72	86	94	77	86	94
Louisiana.....	131	78	84	97	92	100	86	82	64	71	58	78	64	80	94	64	80
Maine.....	137	136	148	147	162	123	135	145	35	31	49	45	53	52	52	45	52
Maryland.....	142	143	125	130	128	136	177	121	46	62	60	71	66	51	71	66	51
Massachusetts.....	113	123	65	97	69	81	122	51	39	84	96	128	124	81	210	128	81
Michigan.....	124	144	118	124	122	128	112	116	66	54	67	76	80	83	90	80	83
Minnesota.....	190	190	148	146	160	148	142	158	45	54	49	45	40	47	48	45	40
Mississippi.....	124	92	73	73	96	108	88	103	49	91	101	72	50	82	60	72	50
Missouri.....	169	170	152	150	166	161	160	174	41	41	43	45	47	47	46	45	47
Montana.....	1,697	528	485	515	744	361	257	281	20	19	21	14	44	30	44	20	44
Nebraska.....	461	333	416	298	349	314	343	270	32	23	34	29	33	32	42	33	32
Nevada.....	2,330	160	0	99	133	78	0	112	50	0	113	88	148	0	111	88	148
New Hampshire.....	149	133	0	180	147	197	108	0	55	0	36	56	30	85	0	55	0
New Jersey.....	121	122	76	73	55	51	36	57	70	131	167	175	175	249	156	167	249
New Mexico.....	2,454	212	320	430	619	371	385	187	47	25	30	18	30	30	58	30	58
New York.....	148	136	119	134	150	180	147	160	39	62	51	48	41	54	49	48	54
North Carolina.....	95	104	84	77	82	70	76	74	48	53	64	68	82	80	87	68	82
North Dakota.....	602	543	490	415	514	386	566	483	13	17	22	18	26	17	20	18	26
Ohio.....	127	116	109	104	115	115	119	128	76	71	72	77	71	66	72	71	66
Oklahoma.....	261	195	178	197	185	182	175	181	37	32	37	38	43	43	44	37	43
Oregon.....	519	143	73	224	116	164	106	48	62	135	47	95	63	113	266	95	113
Pennsylvania.....	116	129	115	119	122	112	119	126	55	59	54	54	64	55	58	54	58
Rhode Island.....	123	0	0	0	100	141	0	0	0	0	0	109	67	0	0	109	67
South Carolina.....	118	113	93	96	104	96	94	87	39	46	54	54	54	62	71	54	62
South Dakota.....	650	560	432	459	509	577	381	18	14	20	20	19	17	27	28	19	27
Tennessee.....	108	138	116	119	128	130	124	102	48	44	60	59	56	60	72	59	60
Texas.....	473	172	150	162	183	191	165	192	42	43	54	52	50	57	54	52	50
Utah.....	624	112	90	125	162	93	199	113	67	210	87	64	114	56	101	64	114
Vermont.....	153	293	187	167	179	176	253	166	21	31	46	38	37	30	42	37	30
Virginia.....	140	157	133	117	137	91	104	86	42	56	55	53	86	73	102	53	86
Washington.....	412	187	105	191	91	149	91	76	45	83	54	117	72	126	151	117	126
West Virginia.....	127	162	128	123	158	115	136	112	39	43	46	36	49	48	54	36	49
Wisconsin.....	142	137	122	124	135	135	135	133	55	52	54	54	54	58	54	52	58
Wyoming.....	2,735	244	160	509	643	645	409	723	32	67	20	17	17	28	18	17	28
Alaska.....	0	0	0	80	60	80	0	0	0	88	167	122	122	0	0	167	122
Enameli.....	0	33	28	33	33	35	45	21	162	292	270	241	240	184	472	241	184
Puerto Rico.....	0	43	39	39	53	49	55	61	111	94	113	102	145	129	106	102	129
Virgin Islands.....	0	0	0	0	0	0	50	60	0	0	0	0	0	79	112	0	79

Note: This table includes all Tenant Purchase and Farm Enlargement loans from appropriated funds; Farm Development loans are not included since no land was purchased with loan funds.

Table VIII - Farm Housing: Funds Obligated and Furnished by Borrower, and Use of Funds, 1950 Fiscal Year

State and territory	Number of borrowers and persons receiving grants	Amount of funds					Use of funds												Land enlargement and development		Amount of fees	
		Building loans	Enlargement and development loans	Grants for minor improvements	Furnished by borrower	Total	Dwellings			Other farm buildings						Water system		Acres purchased				
							New		Repair		New		Repair		Number	Amount	Number		Amount	Number		Amount
							Number	Amount	Number	Amount	Number	Amount	Number	Amount								
1	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19			
U. S. Total.....	4,157	\$17,865,025	\$190,897	\$89,566	\$367,609	\$18,513,097	2,163	\$11,645,325	1,562	\$3,018,407	2,315	\$2,545,132	1,062	\$495,420	1,419	\$530,479	\$190,897	1,466	\$87,437			
Alabama.....	235	1,193,060	1,900	400	30,920	1,226,280	199	1,074,392	27	63,205	43	38,695	9	1,315	122	45,155	1,900	0	1,628			
Arizona.....	22	123,000	0	0	3,500	126,500	15	93,800	7	22,300	6	1,700	0	0	4	3,400	0	0	300			
Arkansas.....	110	281,340	3,050	7,391	6,955	298,736	65	227,515	41	46,241	35	16,680	11	825	44	8,205	3,050	80	2,220			
California.....	142	731,630	7,700	0	3,362	742,712	80	494,597	58	118,400	104	132,050	23	14,920	26	12,250	7,700	0	2,995			
Colorado.....	31	135,460	3,700	500	4,015	143,675	13	75,918	20	36,964	10	14,365	6	2,710	8	7,598	3,700	80	420			
Connecticut.....	4	9,027	1,000	250	0	10,277	0	0	3	1,560	3	5,277	3	1,780	1	475	1,000	0	185			
Delaware.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Florida.....	59	247,100	20,255	0	2,000	269,355	33	165,150	25	62,708	0	13,890	5	1,297	13	4,620	20,255	120	1,435			
Georgia.....	274	1,064,955	6,425	3,175	28,155	1,103,140	189	866,685	66	95,225	72	85,225	23	8,175	103	33,295	6,425	13	6,095			
Idaho.....	88	504,950	6,850	500	3,820	523,570	148	304,415	32	101,925	72	90,575	14	8,175	11	9,150	6,850	43	2,430			
Illinois.....	85	298,085	3,725	455	20,637	322,902	34	168,189	41	71,012	58	60,199	54	12,235	20	4,416	3,725	0	3,126			
Indiana.....	55	229,095	8,245	0	6,124	234,764	24	134,924	25	35,020	51	48,735	29	10,990	6	1,780	8,245	70	70			
Iowa.....	43	94,915	0	8,400	0	203,015	17	98,170	17	43,480	32	55,827	20	6	6	3,240	0	0	1,535			
Kansas.....	57	212,605	3,560	0	11,950	228,115	17	95,745	39	50,640	69	52,445	106	16,898	20	7,655	3,560	0	1,162			
Kentucky.....	83	349,097	4,545	395	9,350	363,367	44	240,471	25	42,300	68	53,240	10	6,485	44	13,820	4,545	0	2,526			
Louisiana.....	133	548,210	3,000	3,000	13,200	564,510	106	504,430	25	39,745	23	15,020	4	650	11	3,485	1,000	0	1,080			
Maine.....	54	167,589	8,000	1,500	0	177,089	9	29,458	31	27,033	25	64,858	41	40,100	6	2,200	8,000	60	1,440			
Maryland.....	35	145,475	0	0	4,150	149,625	12	93,430	21	34,727	42	61,615	4	1,025	4	1,176	0	0	1,650			
Massachusetts.....	2	6,200	0	0	0	6,200	1	1,100	1	225	3	4,590	2	150	0	0	0	0	135			
Michigan.....	94	409,650	2,000	1,500	10,695	423,845	39	284,949	49	93,408	41	53,940	33	19,325	24	8,025	2,000	0	2,398			
Minnesota.....	66	227,572	3,590	2,200	12,850	246,212	29	144,870	35	55,799	22	23,075	29	7,582	19	8,970	3,590	160	2,326			
Mississippi.....	211	561,175	0	21,780	10,300	593,255	127	469,840	81	71,710	31	21,630	3	230	82	27,390	0	0	2,455			
Missouri.....	192	578,915	9,350	830	7,100	596,545	67	509,828	66	88,731	151	140,635	53	17,005	66	28,066	9,350	120	2,930			
Montana.....	51	312,570	900	8,100	322,070	322,070	28	198,635	22	79,245	30	31,990	15	7,095	8	3,295	900	6	950			
Nebraska.....	106	476,895	6,125	0	11,000	494,020	18	120,370	64	186,860	93	127,440	82	46,355	16	6,145	6,125	80	725			
Nevada.....	6	44,900	0	600	0	44,900	6	33,500	1	550	3	9,850	0	0	1	1,000	0	0	35			
New Hampshire.....	1	500	0	265	0	765	0	0	1	660	0	0	1	70	0	0	0	0	795			
New Jersey.....	25	88,074	0	5,300	0	93,374	5	23,680	4	8,110	19	55,434	6	5,020	1	335	0	0	0			
New Mexico.....	57	246,459	5,370	140	6,675	258,644	26	146,700	25	52,979	47	33,935	13	3,725	26	13,295	5,370	10	85			
New York.....	35	128,110	0	1,000	1,000	129,110	2	12,590	15	33,935	15	40,300	24	37,445	5	3,060	0	0	1,780			
North Carolina.....	119	534,115	10,430	1,460	7,521	553,526	65	349,616	48	97,950	79	63,995	32	7,545	83	21,965	10,430	140	2,025			
North Dakota.....	15	67,830	0	0	0	67,830	3	29,600	10	30,472	8	1,805	5	7,035	1	600	0	0	318			
Ohio.....	26	99,565	0	10,300	0	110,265	10	68,960	12	16,515	14	14,839	14	6,573	6	2,075	0	0	953			
Oklahoma.....	269	1,174,403	5,755	2,260	7,745	1,194,163	126	699,815	59	230,269	197	180,310	33	8,320	162	63,884	5,755	74	5,810			
Oregon.....	54	374,946	5,720	0	9,035	389,701	32	259,868	22	72,661	27	31,509	2	3,150	9	6,060	5,720	0	2,533			
Pennsylvania.....	93	332,597	3,907	1,610	3,000	341,114	12	66,234	59	91,186	54	103,820	55	66,842	9	3,742	3,907	1	3,375			
Rhode Island.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
South Carolina.....	107	571,640	0	500	26,792	598,932	80	481,167	26	81,575	30	22,360	15	3,555	28	7,950	0	0	2,325			
South Dakota.....	51	250,189	0	10	250,199	250,199	15	107,169	30	50,713	57	65,857	57	17,173	30	7,186	0	0	1,451			
Tennessee.....	157	618,195	3,500	8,000	2,200	631,895	73	438,855	46	59,990	78	90,715	14	6,900	84	31,190	3,500	0	745			
Texas.....	403	1,651,281	22,890	24,455	30,790	1,729,416	232	1,210,530	155	234,735	266	174,429	82	16,215	197	55,463	22,890	135	15,154			
Utah.....	76	464,412	4,600	500	2,000	471,512	40	252,650	33	148,292	58	53,930	18	7,640	7	3,600	4,600	10	800			
Vermont.....	1	3,170	0	0	0	3,170	0	0	0	0	0	0	1	3,070	0	0	0	0	100			
Virginia.....	86	448,059	5,250	1,000	550	446,859	46	279,234	33	71,070	42	88,940	11	1,855	39	17,870	5,250	40	640			
Washington.....	54	609,690	6,510	0	0	616,200	31	281,573	19	65,060	29	43,900	17	12,665	4	3,900	6,510	40	2,592			
West Virginia.....	67	350,015	2,965	1,250	1,200	355,430	38	240,380	26	56,949	39	28,030	13	9,045	47	16,796	2,965	0	925			
Wisconsin.....	65	251,500	7,200	1,000	9,300	269,000	14	80,300	37	51,095	73	98,195	43	19,560	24	11,310	7,200	120	1,340			
Wyoming.....	47	233,160	0	0	13,668	246,768	20	146,038	8	46,748	27	42,025	12	3,562	8	8,325	0	0	70			
Alaska.....	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0			
Hawaii.....	22	176,160	0	0	2,000	183,940	15	99,590	3	7,150	27	63,295	6	5,250	2	2,000	0	0	875			
Puerto Rico.....	87	314,735	0	2,250	10,600	327,585	58	272,595	27	40,825	7	10,070	5	3,200	2	400	0	0	495			
Virgin Islands.....	2	1,500	0	500	0	2,000	0	0	2	2,000	0	0	0	0	0	0	0	0	0			

Table IX - Farm Housing: Number of Borrowers and Persons Receiving Grants,
and Average Amount of Loans and Grants, 1950 Fiscal Year

State and territory	Section 502 loans			Section 503 loans			Section 504 loans and grants					
	Number of borrowers	Average amount	2	Number of borrowers	Average amount	4	Loans without grants		Loans with grants		Grants only	
							Number of borrowers	Average amount	Number of borrowers	Average amount	Number of persons receiving grants	Average amount
	1			3			5	6	7	8	9	10
U. S. Total.....	3,691	\$4,590		228	\$4,666		35	\$939	35	\$937	168	\$443
Alabama.....	229	5,172		2	4,075		3	755	1	600	0	0
Arizona.....	22	5,591		0	0		0	0	0	0	0	0
Arkansas.....	80	3,285		6	3,603		0	0	0	0	24	308
California.....	135	5,143		7	6,440		0	0	0	0	0	0
Colorado.....	27	4,913		3	2,167		0	0	0	0	1	500
Connecticut.....	2	2,642		1	3,992		0	0	1	1,000	0	0
Delaware.....	0	0		0	0		0	0	0	0	0	0
Florida.....	53	4,103		6	8,318		0	0	1	1,000	6	446
Georgia.....	257	4,042		9	3,461		1	1,000	1	1,000	0	0
Idaho.....	71	5,821		14	7,390		2	1,000	1	1,000	0	0
Illinois.....	80	3,611		4	3,225		0	0	0	0	1	455
Indiana.....	49	4,417		4	4,731		2	1,000	0	0	0	0
Iowa.....	43	4,533		0	0		0	0	0	0	0	0
Kansas.....	53	3,804		4	3,632		0	0	0	0	0	0
Kentucky.....	78	4,331		4	3,811		0	0	1	995	0	0
Louisiana.....	122	4,444		0	0		5	940	3	1,000	3	500
Maine.....	48	3,273		3	5,825		0	0	2	1,000	1	500
Maryland.....	34	4,117		1	5,500		0	0	0	0	0	0
Massachusetts.....	1	1,200		1	5,000		0	0	0	0	0	0
Michigan.....	82	4,627		8	3,839		1	1,000	1	1,000	2	500
Minnesota.....	46	4,007		14	3,182		1	1,000	2	1,000	3	500
Mississippi.....	158	3,535		0	0		3	867	0	0	50	436
Missouri.....	182	3,100		7	3,289		1	1,000	0	0	2	415
Montana.....	49	6,304		1	4,050		0	0	1	1,000	0	0
Nebraska.....	98	4,498		8	5,278		0	0	0	0	0	0
Nevada.....	5	6,160		1	13,500		0	0	0	0	0	0
New Hampshire.....	0	0		0	0		0	0	1	765	0	0
New Jersey.....	25	3,523		0	0		0	0	0	0	0	0
New Mexico.....	54	4,383		2	7,335		0	0	1	640	0	0
New York.....	27	4,217		6	2,042		2	1,000	0	0	0	0
North Carolina.....	110	4,665		6	5,142		0	0	1	960	2	500
North Dakota.....	13	4,617		2	3,905		0	0	0	0	0	0
Ohio.....	26	3,845		0	0		0	0	0	0	0	0
Oklahoma.....	258	4,540		4	2,814		2	838	0	0	5	452
Oregon.....	47	7,120		7	6,576		0	0	0	0	0	0
Pennsylvania.....	74	3,866		12	3,767		3	933	2	775	2	500
Rhode Island.....	0	0		0	0		0	0	0	0	0	0
South Carolina.....	104	5,426		1	5,800		1	1,000	1	1,000	0	0
South Dakota.....	51	4,906		0	0		0	0	0	0	0	0
Tennessee.....	135	4,471		4	4,025		2	1,000	0	0	16	500
Texas.....	300	4,892		47	4,190		5	962	10	962	41	483
Utah.....	70	6,219		5	6,730		0	0	0	0	1	500
Vermont.....	1	3,170		0	0		0	0	0	0	0	0
Virginia.....	77	5,643		6	4,543		1	1,000	1	1,000	1	500
Washington.....	50	7,641		4	8,538		0	0	0	0	0	0
West Virginia.....	57	5,636		7	4,464		0	0	1	1,000	2	375
Wisconsin.....	57	4,114		6	4,033		0	0	0	0	2	500
Wyoming.....	47	4,961		0	0		0	0	0	0	0	0
Alaska.....	0	0		0	0		0	0	0	0	0	0
Hawaii.....	21	8,235		1	9,000		0	0	0	0	0	0
Puerto Rico.....	82	3,821		0	0		0	0	0	0	0	0
Virgin Islands.....	1	1,500		0	0		0	0	3	0	0	0

Production and Subsistence Loans - Title II

Title II of the Bankhead-Jones Farm Tenant Act, as amended by the Farmers' Home Administration Act of August 14, 1946, authorizes loans to eligible farm families who are unable to obtain needed credit from any other source at reasonable rates and terms to meet their farm and home operating needs. In addition to credit, borrowers are provided practical on-the-farm guidance, as required, to assist them in adopting improved farm and home management practices and in making other adjustments necessary to place their farming operations on a sound and profitable basis. These activities are designed to help low-income farmers, including veterans who wish to become established on farms, in developing more efficient farm and home operations that will provide adequate living for their families and greater security on the land.

1. Purposes and Terms of Loans: Loans are made for the purchase of necessary livestock, farm equipment, feed, seed, fertilizer, other farm needs, essential home equipment and family subsistence, including medical care. Loans to any individual borrower in any fiscal year may not exceed \$3,500, and the total outstanding indebtedness of any borrower for all such loans may not exceed \$5,000. Interest is charged at the rate of five percent on the unpaid principal balance. Production and subsistence loans are of two types, as follows:
 - A. Adjustment Loans are made to those farmers who require credit and have or can acquire the necessary land resources and the ability to enable them to make needed adjustments in their farming operations to place such operations on a sound and efficient basis. Adjustment loans are based on individual farm and home plans developed with the advice and assistance of the County Supervisor, and may be repaid over a period of not to exceed five years in a manner consistent with the borrower's ability to pay.
 - B. Annual Loans are made to applicants whose primary credit needs are of a seasonal or emergency nature to provide necessary credit for the production of cash crops or to purchase or grow feed for productive livestock or livestock being fed for the market. Annual operating loans are scheduled for repayment when the principal income from the enterprise financed with such loans normally would be received, usually within one year.
2. Supervision (On-The-Farm Guidance): Many applicants for operating loans are handicapped by inadequate land resources, lack of experience, lack of knowledge of modern and efficient management practices, lack of equipment or livestock, or a combination of such problems. Borrowers are provided practical on-the-farm assistance in analyzing, planning and carrying out sound farm and home operations so as to make the best use of their land, labor, capital and skills. Such supervision contributes directly to the success of the borrowers and is a protection of the financial interest of the Government.

3. Continuing Strong Demand for Assistance: The demand for farm operating credit continues unabated from low-income farmers and veterans who desire security on the land and an opportunity for a part in the economic and social life of the country. Only 37 percent of the applicants could be assisted with the authorization of \$85,000,000 for 1951, resulting in a carry-over of 31,974 applicants on June 30, 1950.

4. Significant Program Data.

- A. Percent of New Applicants Assisted: In the face of a continuing heavy demand for operating loans, the number of new eligible applicants served has decreased from 68 percent in the fiscal year 1947 to an estimated 33.9 percent in the fiscal year 1951. The following table shows the number of new operating loans and the percent of new applicants assisted for the fiscal years 1947 through 1950, and estimates for 1951:

<u>Fiscal Year</u>	<u>Number New Loans</u>	<u>Percent of New Applicants Served</u>
1947	104,622	68
1948	62,610	33
1949	63,559	40
1950	49,450	37
1951 (Est.)	50,825	33.9

See Table I for distribution by states.

The primary reasons for the decrease in the number of new applicants served are as follows:

- (1) The number of operating loans which merely provide farmers with annual operating credit has gradually been reduced and increased emphasis has been placed on assisting more farmers to adjust their farming operations so that they will be able to obtain operating credit within a reasonable period from private or cooperative lending sources.
- (2) The increase in farm operating costs during recent years has resulted in an increase in the size of loans and a corresponding decrease in the number of applicants who could be served from available funds.
- (3) An increasing number of loans have been made to veterans who generally require larger than average advances for the reason that they have acquired less working capital than non-veteran applicants. Initial adjustment loans to veterans averaged \$1,600 in the fiscal year 1950 compared with \$1,147 for non-veterans in the same year.
- (4) It is estimated that between \$7,000,000 and \$8,000,000 of Federal funds will be required during the 1951 fiscal year for subsequent loans to farmers who have previously received

loans from funds of the State Rural Rehabilitation Corporations, (see paragraph F below), thus reducing the funds available to assist new applicants.

- B. Veteran Loans: Veterans received 48.8 percent of the \$85,000,000 in operating loan funds advanced during the 1950 fiscal year as compared with 41.3 percent of the \$75,000,000 advanced during the 1949 fiscal year. The number and amount of new and subsequent loans to veterans and the percent of total funds received by veterans for the fiscal years 1948 through 1950 are as follows:

<u>Fiscal Year</u>	<u>Number of Loans</u>	<u>Amount of Loans</u>	<u>Percent of Total Loan Funds Received by Veterans</u>
1948	21,525	\$20,306,157	33.9
1949	29,824	30,965,176	41.3
1950	35,037	41,513,779	48.8

See Table II for distribution by states.

- C. Collections: The following is a summary of the cumulative and current collection activity on operating loans:

- (1) Collections on operating loans compared to advances for the last four fiscal years are shown by the following table:

<u>Fiscal Year</u>	<u>Loan Disbursements</u>	<u>Principal Repayments</u>	<u>Interest Repayments</u>	<u>Total Repayments</u>
1947	\$90,432,402	\$119,784,295	\$14,299,621	\$134,083,916
1948	59,996,090	101,453,618	12,769,753	114,223,371
1949	74,999,651	78,279,960	11,282,124	89,562,084
1950	84,998,781	68,004,734	9,702,196	77,706,930
Total	\$310,426,924	\$367,522,607	\$48,053,694	\$415,576,301

- (2) Cumulative loan advances and collections of Farm Security Administration, Emergency Crop and Feed Loan Division, and Farmers Home Administration follows:

	<u>Loan Advances</u>	<u>Collections to 6/30/50</u>		<u>% of Prin. Repayments to Maturities</u>	<u>% of Total Colls. to Advances</u>
Rural Reha- bilitation Loans - June 1935 to 10/31/46	\$1,004,802,574	\$870,106,147	\$118,903,428	87.6	98.4
Emergency Crop and Feed Loans - 1918 to 10/31/46	575,934,586	469,076,323	50,361,760	81.4	90.2

	<u>Loan Advances</u>	<u>Collections to 6/30/50 Principal</u>	<u>Interest</u>	<u>% of Prin. Repayments to Maturities</u>	<u>% of Total Colls. to Advances</u>
Production and Subsistence Loans - 11/1/46 to 6/30/50	\$281,164,806	\$140,191,379	\$9,487,097	91.3	53.2

See Tables III, IV and V

D. Debts Compromised, Adjusted or Cancelled Pursuant to Public Laws 518 and 731: Increased activity in the settlement of accounts eligible for compromise, adjustment, or cancellation is shown by the following tables:

(1) During the fiscal year 1950:

<u>Type of Settlement</u>	<u>Total Number Borrowers</u>	<u>Total Indebtedness To Be Settled</u>	<u>Amount Repaid</u>	<u>Amount Written Off</u>
Adjustment	4,953	\$2,762,003	\$875,312	\$1,886,691
Compromise	18,436	9,737,050	2,231,944	7,505,106
Cancellation	<u>156,002</u>	<u>30,017,039</u>	<u>-</u>	<u>30,017,039</u>
Total	179,391	\$42,516,092	\$3,107,256	\$39,408,836

(2) From Inception of Activity, April 4, 1945, through June 30, 1950:

<u>Type of Settlement</u>	<u>Total Number Borrowers</u>	<u>Total Indebtedness To Be Settled</u>	<u>Amount Repaid</u>	<u>Amount Written Off</u>
Adjustment	10,817	\$5,475,709	\$1,808,798	\$3,666,911
Compromise	57,234	26,918,042	6,848,763	20,069,279
Cancellation	<u>381,107</u>	<u>63,514,608</u>	<u>-</u>	<u>63,514,608</u>
Total	449,158	\$95,908,359	\$8,657,561	\$87,250,798

E. Progress of Borrowers: Some indication of the progress borrowers have made as a result of the financial and supervisory assistance provided through this program is shown in the following data which are based on information compiled through sample surveys of representative groups of borrowers:

(1) The progress borrowers are making in providing increased incomes for their families through more efficient and effective utilization of their labor and land resources is indicated by comparing the income status of about 50,000 borrowers paying their loans in full in 1948 with those receiving their first loans during the same year. The

paid-up group which had been on the program approximately five years had a 1948 cash family income of \$2,804. Those borrowers receiving their first loans in 1948 had cash family incomes of an average of \$1,536 for the year before coming on the program, or \$1,268 less than the paid-up borrowers who had been on the program approximately five years. Assuming that the paid-up group increased their cash family income evenly over the period of five years they were on the program, then their total income for the five year period would be \$11,484 compared to a total five year income of \$7,680 based on the average income of \$1,536 for the year before receiving the loan. To apply this five year increase aggregating \$3,804 to the fifty thousand borrowers paying in full in 1948, the total increase in income would be \$190,200,000. Loan advances to the group total roughly \$100,000,000, all of which has been repaid with interest at 5 percent.

- (2) The average net worth of borrowers who paid up in 1948 was \$4,155, compared with an average net worth of \$2,352 for new borrowers accepted on the program the same year. This represents a difference of \$1,803 in favor of the paid-up borrowers. In the aggregate, the fifty thousand borrowers paying up in 1948 had a net worth of \$207,750,000, or \$90,150,000 more than if they had been in the same financial position as the average new borrower.
- (3) Evidence of the effect of farm and home guidance toward influencing borrowers to adopt farm and home management practices essential to successful farm and home operations is indicated by a special report prepared by county offices in Minnesota. This report shows that 2,634 borrowers for whom reports were obtained were following a total of 16,872 selected improved practices at the start of the 1949 crop year, or an average of 6.3 per borrower. Farm and home plans developed by field personnel with the borrowers called for the adoption of 12,093 new farm and home practices during the year, or an average of 5 additional new practices per borrower. At the end of the crop year these borrowers were following 24,609 selected improved practices or an average of 10 per borrower, an increase of 63 percent over the average at the start of the year. For example, one practice was the planting of recommended improved varieties of seeds. Of the 915 borrowers with whom this practice was planned for the 1949 crop year, 752 had actually adopted the practice.

F State Rural Rehabilitation Corporation Trust Funds: Public Law 499, approved May 3, 1950, provides for liquidation of the trusts under the transfer agreements with the various State Rural Rehabilitation Corporations. In the 1950 fiscal year until the passage of Public Law 499, the Corporation Trust funds were used for supplemental loans to Corporation Trust fund borrowers. Also, funds were used for initial adjustment and annual production and

subsistence loans in the late months of the year due to the virtual exhaustion of Federal funds for production and subsistence loans and to the intensity of demand for such loans, particularly from veterans. State Rural Rehabilitation Corporation Trust funds for any particular state will not become available for loans in that state unless and until an agreement is reached between the state and the secretary for the administration of the assets of the Corporation. Meanwhile, because of the responsibility of the Government under existing trust agreements to provide borrowers having State Rural Rehabilitation Corporation Trust Fund indebtedness with needed assistance to enable them to continue their operations, and thus protect the assets, subsequent loans are being made to these borrowers as necessary during the 1951 fiscal year from regular production and subsistence loan funds.

Table 1 - Production and Subsistence Loans to Individuals, 1949 and 1950 Fiscal Years
and Cumulative From Inception, November 1, 1946 through June 30, 1950 1/

State and territory	1949 fiscal year					1950 fiscal year					Cumulative - November 1, 1946 through June 30, 1950				
	Adjustment loans			Annual loans		Adjustment loans			Annual loans		Adjustment loans			Annual loans	
	Initial	Subsequent		Number	Average amount	Initial	Subsequent		Number	Average amount	Initial	Subsequent		Number	Average amount
		Average amount	Number				Average amount	Number				Average amount	Number		
U. S. Total.....	37,936	\$1,188	37,050	\$597	25,623	\$302	40,670	\$1,360	41,799	\$639	8,780	125,797	\$1,159	175,956	\$546
Alabama.....	2,542	491	2,622	343	1,265	227	2,578	567	3,380	356	64	8,043	523	14,797	287
Arizona.....	1,950	1,000	2,135	487	1,147	327	1,798	1,163	2,484	506	599	6,161	930	10,316	1,52
Arkansas.....	1,710	2,448	2,662	1,360	16	922	452	2,475	312	1,402	16	1,238	2,371	1,155	1,275
California.....	401	2,352	583	1,031	60	656	468	2,510	797	974	39	1,516	3,072	954	556
Colorado.....	503														
Connecticut.....	8	2,625	9	1,358	2	800	9	2,389	12	1,532	5	2,325	54	1,156	26
Delaware.....	13	1,788	33	982	3	933	10	2,060	23	1,048	2	1,280	128	890	44
Florida.....	500	790	525	590	844	321	707	909	512	685	152	1,926	767	2,809	485
Georgia.....	2,919	582	1,921	448	1,756	287	2,442	862	1,780	564	38	7,588	675	9,784	390
Iaabo.....	479	1,952	620	964	24	667	601	2,109	762	974	17	1,559	1,993	2,527	982
Illinois.....	509	2,247	352	952	19	395	669	2,203	529	837	8	1,727	2,130	1,922	786
Indiana.....	391	1,987	235	665	85	347	513	2,070	228	796	28	1,230	2,017	1,099	715
Iowa.....	468	1,953	704	696	6	322	602	1,996	896	632	4	625	1,947	3,004	649
Kansas.....	511	1,595	636	598	88	501	519	2,350	646	694	25	1,554	2,081	2,923	600
Kentucky.....	1,217	720	1,039	404	1,042	210	1,469	794	977	459	264	5,066	678	4,384	378
Louisiana.....	1,258	760	1,358	506	2,488	303	2,283	748	1,091	622	571	4,844	775	6,798	475
Maine.....	327	2,004	275	986	26	639	310	1,819	368	1,123	49	1,265	1,168	1,265	1,168
Maryland.....	186	1,721	289	750	151	288	227	1,834	213	733	101	322	605	1,701	793
Massachusetts.....	29	2,196	41	1,457	6	1,025	36	2,038	50	1,360	8	1,012	105	2,054	160
Michigan.....	728	1,508	506	1,767	23	433	765	1,974	491	954	13	2,438	1,889	1,569	922
Minnesota.....	809	2,272	396	893	6	323	867	2,489	516	825	11	2,399	2,282	1,401	830
Mississippi.....	2,051	630	2,687	394	2,935	242	1,751	1,018	2,892	545	137	5,867	756	14,326	393
Missouri.....	1,136	1,601	1,042	616	69	395	1,188	1,741	1,305	720	5	380	1,599	4,496	614
Montana.....	363	2,734	889	966	61	981	425	2,664	1,002	926	41	895	1,277	3,450	934
Nebraska.....	402	2,189	263	776	49	509	425	2,459	364	815	21	1,219	2,291	1,498	724
Nevada.....	29	2,768	30	1,210	1	2,080	44	2,706	34	1,190	1	3,500	120	2,695	116
New Hampshire.....	44	2,952	42	1,583	2	750	42	2,908	77	1,461	0	0	119	2,793	236
New Jersey.....	176	1,796	180	1,056	9	819	183	2,061	135	1,227	6	450	575	1,889	635
New Mexico.....	241	1,992	402	722	240	489	372	2,143	391	925	93	780	829	2,022	1,405
New York.....	311	2,340	687	944	112	621	398	2,347	776	847	89	648	959	2,310	855
North Carolina.....	3,558	633	2,894	425	4,158	316	4,512	630	2,842	462	455	14,735	625	12,823	428
North Dakota.....	441	2,412	237	951	220	502	513	2,198	509	743	277	1,326	1,551	1,551	707
Ohio.....	387	2,111	132	908	43	297	491	2,247	137	995	27	355	1,282	2,070	598
Oklahoma.....	1,592	1,721	2,430	492	69	306	1,679	1,918	2,005	577	67	331	4,936	1,645	11,897
Oregon.....	236	2,197	299	1,135	8	696	338	2,315	276	1,172	2	1,812	835	2,109	1,157
Pennsylvania.....	448	2,155	310	1,056	52	374	594	2,208	366	1,027	31	1,441	2,064	1,589	890
Rhode Island.....	6	2,667	7	1,171	1	1,000	4	3,250	12	1,412	0	0	15	2,680	45
South Carolina.....	4,086	396	1,754	331	3,064	234	2,440	487	3,052	304	2,137	13,930	365	10,262	286
South Dakota.....	432	2,607	224	1,033	35	538	984	2,678	579	733	17	482	2,576	1,649	769
Tennessee.....	974	1,016	1,016	420	615	278	984	835	1,147	454	261	3,300	744	4,501	381
Texas.....	1,999	1,736	3,722	645	1,481	341	2,101	1,902	4,144	674	790	5,564	1,712	17,132	612
Utah.....	210	1,838	259	1,052	22	515	276	2,014	347	1,069	12	594	1,811	1,143	1,007
Vermont.....	87	2,926	83	1,144	2	300	70	2,828	114	1,156	1	100	217	2,867	984
Virginia.....	585	670	324	516	736	650	534	1,071	354	250	100	417	1,813	1,353	504
Washington.....	274	2,461	220	1,265	8	1,406	420	2,598	302	1,246	5	2,156	933	2,426	850
West Virginia.....	396	908	172	664	89	194	216	1,514	202	893	93	250	1,063	892	780
Wisconsin.....	682	2,134	592	787	57	293	801	2,342	514	891	16	253	2,356	2,006	786
Wyoming.....	301	2,416	593	1,086	59	863	373	2,735	482	1,248	132	975	1,021	2,381	1,083
Alaska.....	11	2,122	0	0	0	0	19	2,178	1	800	0	0	45	2,202	6
Hawaii.....	72	1,663	26	994	0	0	65	1,908	23	1,120	0	0	183	1,868	74
Puerto Rico.....	809	433	929	446	2,330	382	1,433	518	1,226	517	1,609	351	3,300	421	395
Virgin Islands.....	14	1,082	7	476	16	70	26	736	16	561	27	124	476	279	57

1/ Does not include loans from state rural rehabilitation corporation funds.

Table 11 - Production and Subsistence Loans to Veterans,
1948, 1949, and 1950 Fiscal Years 1/

State and territory	1948 fiscal year						1949 fiscal year						1950 fiscal year					
	Adjustment loans			Annual loans			Adjustment loans			Annual loans			Adjustment loans			Annual loans		
	Initial		Subsequent	Number	Average amount	Number	Initial	Average amount	Number	Subsequent	Number	Initial	Average amount	Number	Subsequent	Number	Average amount	
	1	2																
U. S. Total.....	9,408	\$1,451	7,148	\$705	4,969	\$326	15,386	\$1,478	9,306	\$704	5,138	\$327	19,504	\$1,591	13,304	\$721	2,229	\$400
Alabama.....	335	663	279	313	240	232	1,106	514	510	314	457	243	1,176	580	896	357	26	255
Arizona.....	11	2,014	12	1,071	6	672	2,015	988	22	988	7	721	74	2,123	46	1,292	5	586
Arkansas.....	754	778	413	476	571	271	948	1,030	609	547	299	329	988	1,154	999	542	254	278
California.....	75	2,625	92	1,440	12	875	180	2,475	92	1,409	8	1,071	228	2,529	123	1,474	7	1,123
Colorado.....	175	2,432	113	1,234	49	513	250	2,411	207	1,070	19	543	253	2,529	318	985	15	780
Connecticut.....	2	1,592	3	816	1	400	6	2,750	4	1,262	2	800	5	1,800	6	1,342	2	1,950
Delaware.....	8	1,367	10	871	1	250	8	1,738	15	879	3	933	5	2,860	11	1,823	1	1,560
Florida.....	103	719	194	566	198	265	236	841	123	626	228	325	405	940	158	778	43	408
Georgia.....	368	598	214	398	530	263	606	670	263	501	286	289	903	904	368	656	6	361
Iaho.....	192	1,860	149	1,106	5	438	278	1,989	272	1,022	11	593	379	2,266	343	992	9	547
Illinois.....	115	2,513	150	1,004	6	304	314	2,281	127	934	9	356	412	2,318	191	807	3	408
Indiana.....	61	2,540	64	1,023	34	342	216	2,045	81	630	30	292	311	2,127	85	794	17	229
Iowa.....	76	2,320	174	725	10	549	295	2,076	152	682	0	0	376	1,961	280	622	0	0
Kansas.....	168	2,256	127	779	49	536	323	2,054	216	578	42	605	403	2,325	288	731	12	961
Kentucky.....	326	756	202	440	134	205	530	768	243	450	251	272	828	814	297	527	90	281
Louisiana.....	159	979	242	566	387	288	407	942	208	650	529	308	934	826	305	747	171	460
Maine.....	88	2,011	49	1,293	12	731	116	2,106	96	899	18	659	170	1,928	128	1,094	31	1,015
Maryland.....	54	1,909	29	989	30	331	72	1,878	55	906	32	289	84	1,908	52	1,015	11	287
Massachusetts.....	20	2,129	9	1,302	6	966	16	2,268	16	1,719	4	962	15	1,874	22	1,641	2	600
Michigan.....	228	1,992	88	1,321	26	518	358	2,020	203	817	8	745	435	2,059	222	1,000	9	483
Minnesota.....	276	2,337	144	886	35	489	537	2,254	161	892	2	355	601	2,453	275	839	6	556
Mississippi.....	351	775	270	430	439	219	543	777	411	460	505	255	1,005	1,080	703	592	61	282
Missouri.....	419	1,778	317	589	8	323	660	1,651	451	636	22	427	791	1,788	604	734	2	405
Montana.....	158	2,613	164	1,168	43	917	209	2,800	312	968	30	880	183	2,533	379	969	15	800
Nebraska.....	157	2,460	84	951	27	684	239	2,287	101	693	15	533	277	2,482	172	815	8	821
Nevada.....	10	2,467	4	1,930	0	0	14	3,041	9	954	1	2,080	28	2,743	18	1,074	1	3,500
New Hampshire.....	10	3,248	20	1,160	6	306	27	3,006	12	1,779	2	750	24	2,963	25	1,560	0	0
New Jersey.....	64	2,163	34	1,275	3	760	86	1,846	58	1,112	3	1,033	86	2,095	63	1,402	1	100
New Mexico.....	70	2,208	81	950	95	662	134	1,966	161	736	99	468	218	2,209	179	1,003	43	755
New York.....	106	2,562	166	1,007	42	643	132	2,448	199	1,065	35	487	229	2,410	253	841	23	875
North Carolina.....	432	576	347	429	423	425	823	615	433	392	762	287	1,209	620	488	466	95	229
North Dakota.....	151	2,491	121	732	200	455	297	2,437	125	997	181	492	298	2,255	292	672	164	505
Ohio.....	91	2,397	47	1,019	6	346	216	2,165	46	948	15	243	333	2,359	67	1,034	15	413
Oklahoma.....	915	1,539	802	997	90	223	971	1,707	734	611	29	380	989	1,912	902	622	30	353
Oregon.....	77	2,000	66	1,025	2	732	116	2,182	121	1,172	2	975	202	2,262	108	1,237	2	1,812
Pennsylvania.....	138	2,113	93	970	57	369	267	2,200	123	1,112	19	439	371	2,226	118	1,079	13	518
Rhode Island.....	1	1,937	3	921	0	0	2	2,000	1	300	1	1,000	1	2,500	2	1,250	0	0
South Carolina.....	725	376	158	255	243	196	691	391	188	333	368	236	550	547	392	303	412	239
South Dakota.....	164	2,629	109	997	49	495	281	2,639	113	594	11	553	276	2,744	279	698	12	504
Tennessee.....	222	818	104	423	87	287	413	766	186	380	158	275	452	885	281	474	104	231
Texas.....	717	1,731	937	669	552	322	1,003	1,898	1,049	669	304	431	1,268	1,998	1,556	697	231	459
Utah.....	99	1,542	53	1,057	9	476	147	1,870	133	1,007	11	441	167	2,238	164	1,062	3	367
Vermont.....	29	2,974	21	1,140	1	250	51	2,913	20	1,307	1	500	21	2,658	44	1,196	0	0
Virginia.....	59	631	37	1,582	89	319	183	816	61	554	96	307	236	1,222	88	722	38	402
Washington.....	74	2,360	43	1,315	3	1,259	144	2,542	65	1,267	2	2,982	262	2,655	111	1,472	2	2,140
West Virginia.....	86	837	32	574	25	299	221	942	46	567	26	218	131	1,643	78	862	38	310
Wisconsin.....	189	2,411	143	868	15	405	304	2,239	206	960	23	302	473	2,432	200	876	6	357
Wyoming.....	148	2,615	110	1,138	26	842	186	2,420	208	1,175	31	827	236	2,632	218	1,218	62	952
Alaska.....	4	2,356	0	0	0	0	7	2,241	0	883	0	0	16	2,080	0	948	0	0
Hawaii.....	1	1,707	0	375	0	279	79	1,692	15	470	0	409	156	2,643	12	948	0	0
Puerto Rico.....	92	285	22	375	87	279	79	544	44	470	141	0	0	85	579	128	349	0
Virgin Islands.....	7	398	1	200	0	0	4	462	0	0	0	0	5	1,140	2	850	0	0

1/ Does not include loans from state rural rehabilitation corporation funds.

Table 711
Production and Subsistence Loans, Maturities and Collections, Cumulative through June 30, 1950 1/

State and Territory	Cumulative Loan Obligations (1)	Cumulative Advances (2)	Matured Principal (3)	Collections			Principal Write-Offs (7)	Principal Judgments (8)	Unpaid Principal Balance (9)	Ratio of Principal Repayments to Matured Principal (10)
				Principal Repayments (4)	Interest Payments (5)	Totals (6)				
United States Totals	\$281,257,817	\$281,164,806	\$153,605,336	\$140,191,379	\$9,487,097	\$149,678,476	\$198,369	\$ 30,901	\$140,744,157	91.3
Alabama	9,729,152	9,721,564	6,687,428	6,043,568	268,675	6,312,243	11,752		3,666,244	90.4
Arizona	887,636	891,145	412,334	339,441	27,448	366,889	109		551,595	82.3
Arkansas	12,677,115	12,633,487	8,002,947	7,425,947	394,407	7,819,565	6,863	220	5,201,246	92.8
California	4,582,962	4,658,957	2,956,862	2,059,881	188,450	2,248,331	649		2,598,427	92.7
Colorado	6,849,690	6,810,559	3,635,513	3,369,621	243,469	3,613,090	625		3,440,313	
Connecticut	146,315	146,315	90,445	79,737	7,673	87,404	700		65,884	88.1
Delaware	202,498	203,898	85,510	58,395	8,690	67,085			145,503	68.3
Florida	3,610,358	3,624,434	2,225,770	1,987,612	101,810	2,089,422	8,056	250	1,628,536	78.7
Georgia	12,319,660	12,319,874	8,754,442	7,712,812	310,911	8,023,723	31,044		4,574,708	88.1
Idaho	5,820,718	5,809,054	2,529,529	2,348,016	216,413	2,564,429	1	1,418	3,459,619	92.8
Illinois	5,340,586	5,350,430	2,159,750	2,079,272	228,363	2,307,635	2,064		3,269,094	96.3
Indiana	3,433,042	3,433,636	1,356,784	1,281,840	135,283	1,417,123	1	2,304	2,149,493	94.5
Iowa	5,003,321	5,018,131	2,002,705	2,020,970	206,815	2,227,785	5,623	1,600	2,989,938	100.9
Kansas	5,235,314	5,244,932	2,133,014	1,862,232	198,396	2,060,628	1,623		3,381,077	87.3
Kentucky	5,763,657	5,734,570	3,201,359	2,964,327	230,411	3,194,738	937		2,769,306	92.6
Louisiana	9,761,787	9,755,093	6,772,124	6,501,248	268,343	6,769,591	8,779		3,245,066	96.0
Maine	3,914,638	3,914,338	2,478,475	2,302,083	133,652	2,435,735	1,600		1,610,655	92.9
Maryland	1,963,529	1,969,221	799,002	636,417	81,025	717,442	75		1,332,729	79.6
Massachusetts	505,649	512,592	283,349	236,936	22,869	259,805	3,698		271,965	83.6
Michigan	6,165,818	6,152,952	2,074,566	1,840,592	267,750	2,108,342	1,721		4,310,639	88.7
Minnesota	7,087,740	7,099,086	2,471,179	2,498,334	282,780	2,781,114	346	419	4,599,987	101.1
Mississippi	12,659,593	12,654,034	8,513,837	7,404,759	357,753	7,762,512	17,190		5,232,085	87.0
Missouri	8,724,369	8,728,746	3,861,373	3,653,509	340,374	3,993,883	6,173		5,069,064	84.6
Montana	6,955,038	6,929,787	3,291,504	2,772,132	230,395	3,002,527	11	3,517	4,154,127	84.2
Nebraska	4,089,153	4,117,309	1,703,094	1,673,760	174,237	1,847,997	173		2,443,376	96.3
Nevada	502,671	490,669	195,765	177,147	24,043	201,190			313,522	90.5
New Hampshire	642,281	641,479	198,469	178,600	29,693	208,293	900		461,979	90.0
New Jersey	1,872,883	1,876,010	1,006,741	657,687	72,281	729,968		2,448	1,215,875	65.3
New Mexico	3,420,794	3,421,831	1,684,982	1,411,028	108,873	1,519,901	2,518		2,006,300	83.7
New York	5,062,921	5,063,925	1,874,158	1,576,210	195,720	1,771,930	492		3,484,466	84.1
North Carolina	19,095,868	19,072,994	14,158,645	13,516,811	521,954	14,038,765	25,762	2,628	5,527,793	95.5
North Dakota	5,282,415	5,271,910	2,242,024	2,024,212	139,342	2,163,554	298	276	3,247,124	90.3
Ohio	3,297,027	3,334,287	1,212,665	1,109,069	129,097	1,238,166	513		2,224,705	91.5
Oklahoma	14,186,770	14,152,496	6,850,320	6,285,509	509,870	6,795,379	6,882	291	7,860,016	91.8
Oregon	3,037,534	3,048,543	1,289,490	1,185,702	104,224	1,289,926	466		1,862,375	91.9
Pennsylvania	4,681,028	4,666,595	1,668,669	1,539,575	183,819	1,723,394	888		3,120,630	92.3
Rhode Island	92,300	92,300	41,100	37,795	3,888	41,683			54,505	92.0
South Carolina	12,815,147	12,821,631	10,043,500	8,874,537	312,699	9,187,236	7,793	1,006	3,938,295	88.4
South Dakota	4,913,753	4,920,246	1,809,081	1,671,013	166,324	1,837,337	1,345		3,247,848	92.4
Tennessee	4,893,404	4,906,668	2,887,387	2,706,832	173,749	2,880,581	333		2,199,503	93.7
Texas	23,458,525	23,429,687	14,138,042	12,742,212	755,799	13,498,011	36,909		10,650,566	90.1
Utah	2,518,829	2,514,603	939,483	862,215	94,060	956,275	1	500	1,651,887	91.8
Vermont	1,017,024	1,013,687	275,903	249,974	46,865	296,839			763,713	90.6
Virginia	2,919,946	2,924,646	1,786,938	1,701,765	81,878	1,783,643	561		1,222,320	95.2
Washington	3,393,970	3,420,694	1,230,498	1,114,605	107,973	1,222,578	1,004		2,305,085	90.6
West Virginia	1,503,212	1,503,582	531,958	501,922	52,448	554,370	55		1,001,605	94.3
Wisconsin	6,926,293	6,935,558	2,461,808	2,499,922	324,555	2,823,601	1		4,436,511	101.5
Wyoming	5,441,042	5,376,148	2,622,370	2,318,010	191,658	2,509,668			3,056,138	86.4
Alaska	105,724	107,029	30,837	23,350	4,073	27,423			83,679	75.7
Hawaii	426,278	426,278	138,444	103,230	13,992	117,222			323,048	74.6
Puerto Rico	6,222,370	6,221,195	4,140,735	3,951,703	209,672	4,161,375	2,074	2,500	2,264,918	95.4
Virgin Islands	76,070	76,070	22,389	18,974	2,216	21,190		21	57,075	84.7

1/ Loans made by Farmers Home Administration subsequent to October 31, 1946.

Table 10
Rural Rehabilitation Loans of the Farm Security Administration Including
Maturities and Collections, Cumulative through June 30, 1950

State and Territory	Loan Advances October 31, 1946 (1)	Matured Principal (2)	C o l l e c t i o n s			P r i n c i p a l		Outstanding Principal Balance of Loan Advances (8)	Ratio of Total Collections to Loan Advances (9)	Ratio of Principal Repayments to Matured Principal (10)
			Principal Repayments (3)	Interest Payments (4)	Totals (5)	Write-Offs (6)	Judgments (7)			
U. S. Totals	\$1,004,802,574	\$993,280,578	\$870,106,147	\$118,903,428	\$989,009,575	\$26,071,370	\$1,125,088	\$107,499,969	98.4	87.6
Alabama	43,858,322	43,530,531	32,331,566	4,760,432	37,091,998	3,366,739	38,285	8,121,732	84.6	74.3
Alaska	3,988,907	3,963,612	3,491,826	489,945	3,981,771	67,012	16,228	413,841	89.1	89.1
Arizona	45,701,732	45,286,659	38,625,772	4,139,908	42,765,680	790,349	39,974	6,245,637	93.6	85.3
Arkansas	20,779,747	20,612,031	16,453,247	2,511,994	18,965,241	1,144,689	21,003	3,160,808	91.3	79.8
California	26,931,911	26,537,007	23,078,766	3,562,004	26,640,770	967,429	46,326	2,839,390	98.9	87.0
Colorado										
Connecticut	1,372,977	1,368,128	1,234,312	142,035	1,356,347	56,671	12,891	89,103	98.8	88.8
Delaware	776,331	729,136	597,120	107,692	704,812	1,103		178,108	90.8	81.9
Florida	13,701,897	13,794,545	9,694,083	1,705,658	11,399,681	777,098	38,343	3,272,433	82.7	70.3
Georgia	40,953,783	40,414,358	30,714,073	4,332,573	35,046,646	2,170,815	80,937	7,997,958	85.6	76.0
I Idaho	18,182,243	17,979,737	17,022,805	2,151,747	19,174,552	181,608	13,921	963,909	105.5	94.7
Illinois	21,895,122	21,547,489	20,098,673	2,946,973	23,045,646	579,243	15,693	1,201,513	105.3	93.3
Indiana	17,570,327	17,410,838	16,483,994	2,263,590	18,747,584	246,889	5,692	833,752	106.7	94.7
Iowa	25,645,153	25,287,752	24,758,837	3,334,782	28,093,619	485,956	18,492	381,868	109.5	97.9
Kansas	29,727,291	29,274,110	26,694,173	4,216,074	30,910,247	639,478	12,857	2,380,783	104.0	91.2
Kentucky	14,630,515	14,538,829	14,013,814	1,624,356	15,638,170	147,483	12,119	457,099	106.9	96.4
Louisiana	34,411,704	34,352,473	28,626,257	3,260,017	31,886,274	1,379,700	81,263	4,324,484	92.7	83.3
Maine	14,155,784	14,067,477	12,054,495	1,440,469	13,494,964	669,070		1,432,219	95.3	85.7
Maryland	4,125,075	4,107,152	3,407,176	549,691	3,956,864	8,657		885,366	92.0	82.6
Massachusetts	2,022,442	2,001,866	1,686,952	239,410	1,926,362	81,968	2,305	254,277	95.2	84.3
Michigan	19,428,019	18,825,058	16,874,660	2,615,871	19,490,531	329,961	4,903	2,418,495	100.3	89.6
Minnesota	28,192,081	27,650,245	26,461,042	4,075,761	30,535,803	206,360	11,934	1,512,745	108.3	95.7
Mississippi	47,567,668	47,301,682	38,946,722	4,475,213	43,421,935	1,948,560	40,180	6,632,705	91.3	82.3
Missouri	36,446,607	36,022,201	33,860,917	4,815,295	38,676,212	546,017	25,892	2,053,781	106.0	94.0
Montana	23,356,620	23,162,444	20,229,573	3,290,013	23,519,586	227,821	92,615	2,806,611	100.7	87.3
Nebraska	27,378,450	27,155,923	25,078,735	4,283,797	29,362,532	567,974	17,434	1,714,307	107.2	92.3
Nevada	1,730,216	1,707,175	1,526,993	228,700	1,755,693	45,964		157,259	101.5	89.4
New Hampshire	2,608,344	2,564,214	2,101,215	406,224	2,507,439	105,815		401,314	96.1	81.9
New Jersey	4,032,424	3,953,609	2,483,875	485,884	3,369,759	44,732	7,223	1,096,424	83.6	72.9
New Mexico	9,726,670	9,552,283	8,151,056	1,113,345	9,264,403	241,494	12,749	1,321,369	95.2	85.3
New York	16,336,198	15,631,873	13,010,109	2,286,889	15,296,998	293,169	42,859	2,990,061	93.6	83.2
North Carolina	37,597,502	37,412,801	34,436,309	2,695,095	37,131,404	960,402	48,904	2,151,887	98.8	92.0
North Dakota	18,894,080	18,586,105	16,764,521	2,921,889	19,686,410	354,129	20,308	1,755,122	104.2	90.2
Ohio	18,092,948	17,953,835	16,492,348	2,630,874	19,123,222	191,025	14,060	1,395,515	105.7	91.9
Oklahoma	55,874,784	55,265,282	51,089,353	6,109,045	57,198,398	567,475	17,522	4,200,434	102.4	92.4
Oregon	11,953,943	11,794,095	10,604,858	1,315,575	11,920,433	251,155	5,710	1,062,220	99.9	89.9
Pennsylvania	11,710,644	11,400,558	9,975,707	1,709,456	11,685,163	295,840	72,609	1,366,488	99.8	87.5
Rhode Island	446,539	445,519	386,896	64,172	451,068	8,394		51,239	101.0	86.8
South Carolina	22,373,509	22,156,500	16,480,189	2,361,479	18,841,668	689,033	22,770	5,181,517	84.2	74.4
South Dakota	29,358,086	28,931,221	26,301,564	5,145,765	31,447,329	470,843	13,519	2,571,762	107.1	90.1
Tennessee	12,261,545	12,167,077	11,721,285	1,207,700	12,928,985	48,568	1,671	490,081	105.4	96.3
Texas	92,830,463	92,449,122	79,591,916	8,404,260	87,996,176	2,700,944	102,536	10,435,067	94.8	86.1
Utah	20,030,992	20,032,855	9,168,613	1,528,880	10,697,493	224,055	18,086	820,238	104.6	88.8
Vermont	3,201,563	3,099,541	2,799,702	431,921	3,231,703	12,962	3,154	385,665	100.9	90.3
Virginia	10,555,828	10,401,518	9,175,916	1,145,950	10,321,866	168,742	20,507	1,190,663	97.8	88.2
Washington	15,839,776	15,716,130	13,410,892	1,793,617	15,204,509	401,844	9,463	2,017,577	96.0	85.3
West Virginia	6,373,828	6,330,485	5,794,495	1,182,923	6,977,418	126,447	16,759	436,127	109.5	91.5
Wisconsin	23,445,391	22,976,426	22,002,525	2,921,816	24,924,341	86,857	3,556	1,352,453	106.3	95.8
Wyoming	18,940,411	18,831,343	17,393,594	2,786,031	20,179,625	128,659	21,383	1,396,775	106.5	92.4
Alaska	444,536	231,682	198,857	89,212	288,069	641		245,038	64.8	85.8
Hawaii	536,524	523,735	495,874	63,518	559,392	1,520		39,130	104.3	94.7
Puerto Rico	6,193,613	6,094,654	5,541,307	520,266	6,062,233	59,543	453	582,310	97.9	90.9
Virgin Islands	135,598	131,754	106,199	17,982	124,181	2,590		26,809	91.6	80.6

NOTE: Advances by states include transfers of loans between states for collection purposes.

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Table " " Emergency Crop and Feed and Drought Relief Loans - Number and Amount of Loans Made, Collected and Written-Off through June 30, 1950

	Loans Made		Credits on Principal					Principal Balance Outstanding		Percent Principal Repayments to Advances (9)
			Collections (3)	Debt Adjustments and Other Write-Offs (4)	Reduced to Judgment (5)	Total (6)				
	Number (1)	Amount (2)								
							Number (7)	Amount (8)		
Seed-Grain and Emergency Crop Loans										
1918-1936.....	2,772,569	\$308,557,612	\$244,759,958	\$28,952,779	\$165,609	\$273,878,346	316,027	\$34,679,266	79.3	
Emergency Crop and Feed Loans										
1937-1947.....	1,385,894	195,351,079	178,601,747	4,991,797	53,527	183,647,071	98,851	11,704,008	91.5	
Drought Relief Loans										
1934-1935.....	300,614	72,008,540	45,698,748	11,375,853	116,823	57,191,424	73,788	14,817,116	63.5	
Orchard Rehabilitation Loans										
1942.....	13	17,355	15,870	-	-	15,870	2	1,465	91.4	
Grand Total.....	4,459,090	\$575,934,586	\$469,076,323	\$45,320,429	\$335,959	\$514,732,711	488,668	\$61,201,875	81.4	

NOTE: Interest collections in the amount of \$50,361,760 for all types of loans are not included above.



Water Facilities Loans

1. Purpose of Loans: Under the Water Facilities Act of August 28, 1937, loans are made to individual farmers or ranchmen or to groups of from two to one hundred or more farmers when water resources are limited or too costly for the individuals to develop alone. Loans are of two types:
 - A. Farmstead loans made to provide adequate water supplies close to the farm buildings for household use, for livestock, and for garden production by installing new facilities such as wells, ponds, and cisterns with appurtenant equipment or by improvements to existing facilities.
 - B. Irrigation loans made to provide new facilities and to develop or improve existing facilities for supplying water for crop production. The types of facilities developed vary with the needs of the locality and may include such things as small irrigation systems, large wells including pumping plants and farm distribution systems, low capacity pumps and sprinkler systems, or small storage reservoirs and dams.
2. Terms of Loans: Loans are scheduled to be repaid as rapidly as possible consistent with the borrowers repayment ability. However, loans are made for periods sufficiently long, generally not to exceed 20 years, to allow the operator to make repayment from income derived from the use of the facility. Interest is charged at 3 percent per annum on the unpaid balance of all loans. Loans are not approved for applicants who can secure adequate credit on reasonable terms from other credit sources.
3. Technical Assistance: Engineering assistance is given in planning and installing farmstead and irrigation facilities. Such assistance is necessary for efficient service of the installations and to assure repayment of the loans. Farm and home management guidance is provided as needed to assist in profitable utilization of the facilities.
4. Increasing Demand for Assistance: The demand for water facilities loans continues to increase at a rapid rate throughout the arid and semi-arid areas of the 17 Western States, and particularly from areas opened for settlement by the Bureau of Reclamation. Only 28 percent of the individual applicants and 9 percent of the applicants for group loans could be assisted. The greatest increase in the demand from individuals has come from the Great Plains States and in the Pacific Northwest. The greatest demand for group loans continued to come from the States of the Inter-mountain Region.
5. Significant Program Data:
 - A. Applications: During recent years, applications on hand and received during each year from individuals represented approximately three times as many loans as could be made. The following

table shows the number of applicants, the number of new loans made, and the percentage of applicants who received loans in the fiscal years 1947 through 1950 and estimated for 1951.

<u>Fiscal Year</u>	<u>Individual Loans</u>		
	<u>Number Applicants</u>	<u>Number Initial Loans Made</u>	<u>Loans as Percent of Applicants</u>
1947	2,328	884	38
1948	2,408	767	32
1949	2,851	751	26
1950	4,318	1,202	28
1951 (Est.)	5,500	1,550	28

<u>Fiscal Year</u>	<u>Group Loans</u>		
	<u>Number Applicants</u>	<u>Number Initial Loans Made</u>	<u>Loans as Percent of Applicants</u>
1947	127	12	9
1948	110	15	14
1949	132	8	6
1950	169	16	9
1951 (Est.)	180	20	11

See Table I for distribution by states

- B. Number and Amount of Loans: During the fiscal year 1950 approximately 20 percent of the loan funds were used for group loans and 80 percent for loans to individuals. Cumulatively, loans to groups and individuals have been of about the same proportion. The table below shows the number and amount of loans made during the 1950 fiscal year and cumulatively since inception of the program:

Number and Amount of Loans

<u>Loans</u>	<u>1950 Fiscal Year</u>		<u>Cumulative Since Inception</u>	
	<u>Number</u>	<u>Amount Obligated</u>	<u>Number</u>	<u>Amount Obligated</u>
To Individuals				
Initial	1,202	\$2,322,249	10,494	\$9,765,716
Supplemental	86	85,060	2,066	1,096,450
To Groups				
Initial	16	503,855	128	2,212,490
Supplemental	7	88,710	36	243,860
Total	1,311	\$2,999,874	12,724	\$13,318,516

- C. Average Size of Loans: The average size of loans made in recent years has increased substantially as a result of increased costs of labor, material, and equipment used in the construction or repair of facilities and of the increased proportion of loans made for irrigation facilities which involve relatively large investments in such items as well drilling, pipe, pumps, land leveling and sprinkler systems. Public Law 99, approved June 10, 1949, increased the maximum amount for a single loan from \$50,000 to \$100,000, which accounts for some increase in the average of group loans in 1950. The following table shows the trend in the size of water facilities loans made to individuals and groups:

<u>Fiscal Year</u>	<u>Individuals</u>		<u>Groups</u>	
	<u>Initial</u>	<u>Supplemental</u>	<u>Initial</u>	<u>Supplemental</u>
1940	\$493		\$6,169	
1945	587	\$516	14,239	\$5,667
1948	1,463	905	18,019	2,660
1949	1,617	1,038	15,936	6,714
1950	1,932	989	31,491	12,673

- D. Collections: Since inception of the Water Facilities Program 5,938 individual borrowers have paid their accounts in full and 7 group loans have also been paid in full. The following statement shows repayment progress cumulative since the inception of the program to June 30, 1950:

Loan advances and repayments cumulative to June 30, 1950

<u>Loan Advances</u>	<u>Matured Principal</u>	<u>Principal Repayments</u>	<u>Interest Payments</u>	<u>Total Payments</u>
\$13,034,945	\$6,080,075	\$6,073,127	\$760,164	\$6,833,291

See Table II for distribution by states

- E. Progress of Borrowers:

(1) Irrigation Loan Borrowers

A production study of selected crops in 1948 for borrowers receiving loans for first irrigation systems on their farms shows a decline in the average acreage devoted to the crop since installation of the irrigation system, but a decided increase in most instances in the yield per acre. There were decided increases in the number of borrowers reporting hay crops and pasture after installation. Averages are shown below for borrowers reporting.

	Before <u>Installation</u>	1948 Crop <u>Year</u>	Percent <u>Change</u>
<u>Alfalfa for hay</u>			
Borrowers reporting acreage	35	88	151
Average acres	24.3	22.4	- 8
Yield per acre (tons)	1.3	2.6	100
<u>Small grain</u>			
Borrowers reporting acreage	118	110	- 7
Average acres	66.3	49.6	- 25
Yield per acre (bu.)	17.5	23.2	33
<u>Pasture</u>			
Borrowers reporting acreage	69	101	46
Average acreage	20.8	20.1	- 3
Yield per acre (animal unit months)	4.2	6.9	64

(2) Farmstead Loan Borrowers:

Livestock reports in 1948 for borrowers having only farmstead water facilities loans showed increases in the number of head of cattle, sheep, and poultry sold. Decreases were recorded in the number of borrowers reporting sheep. Averages and number of borrowers reporting are as follows:

	Before <u>Installation</u>	1948 Crop <u>Year</u>	Percent <u>Change</u>
<u>Cattle and calves</u>			
Borrowers reporting	1,111	1,144	3
Average number	16	18	12
Average number sold	6	7	17
<u>Dairy products sold</u>			
Borrowers reporting	787	795	1
Average gallons sold	3,162	4,334	37
<u>Sheep</u>			
Borrowers reporting	134	112	- 16
Average number	85	100	18
Average number sold	43	52	21
<u>Poultry</u>			
Borrowers reporting	1,104	1,116	1
Average number	189	194	3
Average number sold	99	124	25

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Table I - Water Facilities Loans to Individuals and Groups - Number of Loans and Average Amount,
1948, 1949 and 1950 Fiscal Years and Cumulative From Inception of Program Through June 30, 1950

State	1948 fiscal year			1949 fiscal year			1950 fiscal year			Cumulative through June 30, 1950						
	Initial		Subsequent	Initial		Subsequent	Initial		Subsequent	Initial		Subsequent				
	Number	Average amount		Number	Average amount		Number	Average amount		Number	Average amount					
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	
Loans to Individuals																
U. S. Total....	767	\$1,463	87	\$905	751	\$1,617	79	\$1,038	1,202	\$1,932	86	\$989	10,494	\$931	2,066	\$531
Arizona.....	14	2,075	7	639	20	2,640	1	400	13	3,027	3	2,427	153	1,543	35	934
California....	52	2,095	8	1,312	50	2,147	8	1,406	98	2,966	3	933	459	1,872	75	701
Colorado.....	27	1,084	1	2,900	53	1,573	5	1,083	81	2,247	7	920	490	1,119	52	802
Idaho.....	110	1,173	11	668	82	1,321	5	439	144	1,347	21	616	775	932	118	473
Kansas.....	51	1,283	1	500	31	2,242	1	500	27	2,468	4	660	471	821	48	272
Montana.....	45	1,845	8	654	47	1,770	11	1,068	109	2,164	7	819	480	1,254	61	656
Nebraska.....	21	2,387	2	780	33	2,353	4	1,594	38	2,744	5	1,169	547	999	36	935
Nevada.....	5	1,315	1	1,400	3	1,710	0	0	6	2,042	1	935	43	1,325	12	748
New Mexico...	34	1,844	3	1,630	29	1,989	7	1,909	24	2,194	3	763	300	1,101	143	512
North Dakota...	9	978	0	0	14	758	2	302	63	1,252	4	724	327	590	24	406
Oklahoma.....	82	686	5	325	113	860	7	718	188	807	2	275	1,330	482	315	267
Oregon.....	18	1,149	5	720	37	1,415	4	425	75	2,166	3	1,985	584	942	74	560
South Dakota...	9	663	2	918	11	1,582	2	3,210	24	2,211	3	905	374	581	34	671
Texas.....	142	1,504	11	824	102	1,612	8	961	115	2,168	7	1,208	2,298	827	821	523
Utah.....	49	1,586	11	1,134	37	1,569	4	775	61	1,956	4	1,400	571	1,074	71	935
Washington....	66	2,072	5	1,498	54	2,438	6	522	90	2,778	6	1,496	549	1,486	75	755
Wyoming.....	33	1,152	6	646	35	1,083	4	772	46	1,736	3	1,008	743	736	72	480
Loans to Groups																
U. S. Total....	15	\$18,019	5	\$2,660	8	\$15,936	11	\$6,714	16	\$31,491	7	\$12,673	128	\$17,205	36	\$6,774
Arizona.....	1	42,000	0	0	1	11,500	0	0	1	25,000	2	29,750	7	23,143	3	20,833
California....	0	0	1	8,500	0	0	0	0	0	0	0	0	3	15,000	2	10,250
Colorado.....	4	20,500	0	0	1	16,000	2	3,500	1	9,000	1	1,500	22	11,124	5	4,400
Idaho.....	3	6,562	2	1,600	2	10,250	1	1,500	2	28,500	1	10,600	29	16,884	7	5,105
Montana.....	1	3,800	0	0	1	43,000	1	7,500	1	19,500	0	0	9	18,864	1	7,500
Nevada.....	1	13,000	0	0	1	21,000	0	0	0	0	0	0	4	25,800	0	0
New Mexico...	0	0	0	0	0	0	0	0	3	43,333	0	0	12	15,266	3	2,233
Oregon.....	1	15,000	0	0	0	0	1	4,500	0	0	0	0	6	15,669	2	3,688
Utah.....	2	26,500	0	0	0	0	5	10,470	6	25,841	1	3,610	22	20,935	8	8,181
Washington....	1	16,000	2	800	2	7,742	1	1,000	1	8,310	1	8,000	10	7,059	4	2,650
Wyoming.....	1	25,800	0	0	0	0	0	0	1	100,000	1	5,500	4	47,450	1	5,500

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Water Facilities Loans, Maturities and Collections, Cumulative as of June 30, 1950 ^{1/}

Table 11

State	Cumulative Loan Obligations ^{2/}	Cumulative Loan Advances ^{2/}	C o l l e c t i o n s			P r i n c i p a l		Outstanding Principal Balance of Loan Advances	Ratio of Principal Repayments to Matured Principal
			Matured Principal	Principal Repayments	Interest Payments	Totals	Write-Offs		
U. S. Totals	\$ 13,318,516	\$ 13,034,945	\$ 6,080,075	\$ 6,073,127	\$ 760,164	\$ 6,833,291	\$ 1,005	\$ 6,958,942	99.9
Arizona	493,250	465,884	148,249	137,428	27,977	165,405		328,456	92.7
California	977,384	985,531	368,049	374,078	46,310	420,388		611,453	101.6
Colorado	856,914	836,020	362,766	361,962	52,337	414,299		474,058	99.8
Idaho	1,303,468	1,306,974	566,854	566,475	99,070	665,545	145	740,394	99.9
Kansas	399,949	403,682	189,928	184,645	17,243	201,866	219	218,618	97.2
Montana	819,337	827,399	217,682	216,022	35,421	251,443		611,377	99.2
Nebraska	579,849	583,609	334,336	336,039	29,211	365,250	6	247,564	100.5
Nevada	169,144	172,570	62,163	64,859	11,165	76,024		107,711	104.3
New Mexico	593,485	491,119	230,525	235,376	23,177	238,553	395	275,348	93.4
North Dakota	202,761	202,132	106,558	104,581	6,040	110,621		97,551	98.1
Oklahoma	725,014	724,651	397,254	400,202	36,679	436,881	42	324,407	100.7
Oregon	692,809	683,677	338,361	341,793	43,028	384,819		341,484	101.0
South Dakota	240,098	238,676	140,324	130,595	11,157	141,752		107,786	93.1
Texas	2,329,494	2,389,874	1,555,029	1,565,020	147,516	1,712,536	161	823,774	100.6
Utah	1,205,389	1,088,421	341,466	353,772	80,159	433,931		734,649	103.6
Washington	953,620	947,890	334,109	331,911	40,159	372,070		615,979	99.3
Wyoming	776,551	686,836	386,402	388,369	53,517	441,886	37	298,173	100.5

^{1/} Includes Water Facilities loans to individuals and groups. ^{2/} Amounts reflected are cumulative obligations from inception of the program. Includes \$3,035,259 obligated from "Loans, Grants and Rural Rehabilitation" funds. Loan advances represent charges to borrowers' accounts. The difference between obligations and advances represents unliquidated obligations, non-cash advances, and transfers of accounts between states for collection purposes.

(b) Farm Tenant-Mortgage Insurance Fund,
Farmers' Home Administration

This budget schedule covers an account established pursuant to Sections 11 (a) and 12 (e) (2) of the Farmers' Home Administration Act of 1946, approved August 14, 1946, (Public Law 731) which authorized the appropriation of not to exceed \$25,000,000 for the establishment of such fund. The sum of \$1,000,000 was provided in the Department of Agriculture Appropriation Act, 1948, for the establishment of the capital fund. This amount is to be supplemented by initial and annual charges collected from insured mortgagors and by such initial fees for inspection, appraisal and other charges as the Secretary of Agriculture finds necessary. One-half of the initial and annual charges collected from insured mortgagors as the premium for insurance and such amounts as are appropriated under Section 11 (a) are available for payments with respect to insured mortgages under Sections 12 and 13 of the Act. Pursuant to the authority contained in the Act, moneys not needed for current operations are being invested in direct obligations of the United States. The other one-half of the initial and annual charges are administrative expense charges, and together with such fees for inspection, appraisal and other charges as the Secretary may determine are available for administrative expenses in carrying out the provisions of the Act. It is estimated that receipts derived from these sources during the fiscal year 1951 available for administrative expenses will amount to approximately \$230,000. It is proposed that these funds be transferred to the appropriation "Farmers' Home Administration" in the fiscal year 1952 to meet administrative expenses in connection with the mortgage insurance program for that year. This is \$150,000 over the amount available in the fiscal year 1951 for such expenses.

It is estimated that assets of the capital fund at June 30, 1951 will be approximately \$1,485,000, including the amount of \$1,000,000 originally appropriated to establish the fund.

There has been a steady increase in the number of farm ownership loans insured each year since the beginning of the program in October, 1947. A total of 3,763 loans for \$27,532,257 had been insured to June 30, 1950. A substantial increase in the number and amount of loans insured is expected in 1951 and 1952 as shown by the following table:

<u>Fiscal</u> <u>Year 1950</u>		<u>Fiscal</u> <u>Year 1951</u>		<u>Fiscal</u> <u>Year 1952</u>	
<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>	<u>Number</u>	<u>Amount</u>
2,268	\$17,125,004	4,500	\$33,750,000	7,500	\$56,250,000

(c) Disaster Loans, etc., Revolving Fund,
Department of Agriculture

From resources available through this revolving fund, the following types of loans are made:

- (1) Disaster loans are made to farmers and stockmen suffering production disasters. Upon determination by the Secretary that any area or region has suffered a production disaster causing a need for agricultural credit not readily available from commercial banks, cooperative lending agencies, or other responsible sources, loans are made for periods consistent with the borrowers' ability to repay at a 3-percent interest rate
- (2) Loans are also made at 3-percent interest to bona fide fur farmers unable to obtain necessary credit from other sources to enable them to carry on their present fur farming operations
- (3) Public Law 665 approved August 5, 1950 amended Public Law 38, approved April 6, 1949 to authorize loans to farmers in areas where the Regional Agricultural Credit Corporation had made credit available, beginning in 1941, if the Secretary finds a continued need for such credit; loans under this authority are being made in the fiscal year 1951 to orchardists in the State of Washington.

Funds available and obligations by activities for fiscal years 1950-52 are estimated as follows:

	<u>Actual</u> <u>1950</u>	<u>Estimated</u> <u>1951</u>	<u>Estimated</u> <u>1952</u>
1. Salaries and expenses	\$479,759	\$2,015,000	\$1,815,000
2. Disaster loans	29,902,926	26,080,000	20,200,000
3. Fur loans	<u>1,748,950</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total obligations	32,131,635	29,095,000	23,015,000
Balance available in subsequent year	<u>13,754,146</u>	<u>2,000,000</u>	<u>2,985,000</u>
Total available	\$45,885,781	\$31,095,000	\$26,000,000

The number and amount of disaster and fur loans made from April 6, 1949, the beginning of the program, to June 30, 1950 are as follows. Also attached is a statement providing a breakdown of this information by states.

<u>Type of Loan</u>	<u>Obligations April 6, 1949</u> <u>to June 30, 1950</u>	
	<u>Number of</u> <u>Loans</u>	<u>Amount of</u> <u>Loans</u>
Production disaster loans	25,912	\$30,877,749
Loans to fur farmers	143	1,988,392

Loan status: The status of these loans as of June 30, 1950 is as follows:

	<u>Loan Advances</u>	<u>Principal Maturities</u>	<u>Principal Collections</u>	<u>Interest Collections</u>
Production disaster loans	\$30,276,351	\$1,638,608	\$1,494,711	\$46,494
Loans to fur farmers	1,971,388	478,005	268,128	19,869

The 1951 and 1952 Programs

Many of the areas designated during the fiscal year 1950 as eligible for disaster loans, based on 1949 crop year production losses, have been redesignated in the fiscal year 1951. A great many counties in such states as Alabama, Arkansas, Georgia, Mississippi and South Carolina suffered a second year of cotton production loss due to heavy boll weevil infestation. From July 1, 1950, to December 15, 1951, a total of 579 counties in 16 states and Puerto Rico were designated by the Secretary as production disaster areas. It is expected that the credit requirements in these areas and those which may be designated during the balance of the 1951 fiscal year will utilize the entire unobligated balance of \$13,754,146 available from 1950 plus \$15,340,854 of the \$17,340,854 in collections expected to be received in fiscal year 1951. In addition to funds available from the Revolving Fund, loans are being made to farmers and stockmen who suffered production disasters in areas designated pursuant to Public Law 38 from the \$18,000,000 provided for production and subsistence loans in the Supplemental Appropriation Act, 1951.

Table I - Disaster and Fur Loans Made Under Public Law 38,
1949 and 1950 Fiscal Years

State and territory	Disaster loans				Fur loans			
	1949		1950		Total		Number of borrowers	Amount 1949 and 1950
	Number	Amount	Number	Amount	Number	Amount		
1	2	3	4	5	6	7		
U. S. Total.....	362	\$974,823	25,550	\$29,902,926	25,912	\$30,877,749	143	\$1,951,302
Alabama.....	0	0	2,309	1,122,835	2,309	1,122,835	0	0
Arizona.....	0	0	25	52,020	25	52,020	0	0
Arkansas.....	0	0	3,635	5,354,298	3,635	5,354,298	0	0
California.....	28	116,107	542	2,216,945	570	2,333,052	0	0
Colorado.....	30	137,515	26	246,161	56	383,676	32	404,027
Connecticut.....	0	0	23	78,820	23	78,820	0	0
Delaware.....	0	0	0	0	0	0	0	0
Florida.....	0	0	235	862,785	235	862,785	0	0
Georgia.....	0	0	3,325	2,691,401	3,325	2,691,401	0	0
Idaho.....	22	31,135	61	212,166	83	243,303	6	23,090
Illinois.....	0	0	0	0	0	0	9	307,810
Indiana.....	0	0	0	0	0	0	3	43,135
Iowa.....	0	0	0	0	0	0	0	0
Kansas.....	0	0	446	294,370	446	294,370	0	0
Kentucky.....	0	0	0	0	0	0	0	0
Louisiana.....	0	0	400	631,529	400	631,529	0	0
Maine.....	0	0	79	115,385	79	115,385	0	0
Maryland.....	0	0	0	0	0	0	0	0
Massachusetts.....	0	0	49	153,835	49	153,835	1	5,000
Michigan.....	0	0	0	0	0	0	15	177,302
Minnesota.....	0	0	98	52,225	98	52,225	10	70,503
Mississippi.....	0	0	5,101	5,790,731	5,101	5,790,731	0	0
Missouri.....	0	0	352	396,400	352	396,400	0	0
Montana.....	0	0	183	294,640	183	294,640	0	0
Nebraska.....	1	1,985	2	6,945	3	8,930	0	0
Nevada.....	8	37,130	26	254,294	34	291,424	0	0
New Hampshire.....	0	0	14	67,980	14	67,980	0	0
New Jersey.....	0	0	148	392,838	148	392,838	1	5,000
New Mexico.....	0	0	0	0	0	0	0	0
New York.....	0	0	171	645,362	171	645,362	1	16,798
North Carolina.....	0	0	1,043	429,035	1,043	429,035	0	0
North Dakota.....	0	0	1,518	736,140	1,518	736,140	0	0
Ohio.....	0	0	0	0	0	0	0	0
Oklahoma.....	0	0	0	0	0	0	0	0
Oregon.....	0	0	0	0	0	0	6	59,350
Pennsylvania.....	0	0	0	0	0	0	0	0
Rhode Island.....	0	0	15	47,000	15	47,000	0	0
South Carolina.....	0	0	2,825	1,542,776	2,825	1,542,776	0	0
South Dakota.....	0	0	795	513,495	795	513,495	0	0
Tennessee.....	0	0	734	253,810	734	253,810	0	0
Texas.....	150	336,496	868	2,289,860	1,018	2,626,356	0	0
Utah.....	17	36,725	49	409,561	66	446,286	26	147,615
Vermont.....	0	0	65	121,460	65	121,460	0	0
Virginia.....	0	0	39	591,545	39	591,545	0	0
Washington.....	0	0	43	107,848	43	107,848	14	108,695
West Virginia.....	0	0	0	0	0	0	0	0
Wisconsin.....	75	112,115	270	339,449	345	451,564	19	620,077
Wyoming.....	31	165,615	36	526,960	67	692,595	0	0
Alaska.....	0	0	0	0	0	0	0	0
Hawaii.....	0	0	0	0	0	0	0	0
Puerto Rico.....	0	0	0	0	0	0	0	0
Virgin Islands.....	0	0	0	0	0	0	0	0

STATEMENT OF OBLIGATIONS UNDER REVOLVING FUNDS,
ALLOTMENTS AND TRUST FUNDS

Item	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
<u>Loans to Farmers, 1948 Flood Damage:</u>			
To provide loans to farmers whose property was destroyed or damaged by floods	\$3,876,499:	--:	--
<u>Farm Tenant-Mortgage Insurance Fund:</u>			
Revolving fund for payments with re- spect to insured mortgages under Section 12 and 13 of the Farmers' Home Administration Act of 1946	48,851:	\$145,000:	\$360,000
<u>Disaster Loans, etc., Revolving Fund, Department of Agriculture (Farmers' Home Administration):</u>			
For making emergency loans to farmers and stockmen suffering production disasters and for other purposes in accordance with provisions of P.L. 38, 81st Congress	32,120,493:	29,080,000:	23,000,000
<u>Liquidation of Deposits, Lease and Pur- chase Contracts (Trust Account):</u>			
For refund of deposits received toward: purchase price of property sold un- der lease and purchase agreements, refunded upon conversion of the agreement to a deed or for applica- tion against the deed obligation.....	20,134:	14,000:	12,000
<u>Operation and Maintenance of Resettle- ment and Rural Rehabilitation projects (Trust Account):</u>			
Receipts from operation of resettlement and rural rehabilitation projects, which were covered into the Treasury and constitute a special trust fund which was transferred to the Farmers' Home Administration for payments in lieu of taxes to taxing bodies and for operation and main- tenance of such projects	66,938:	--:	--

(Continued on next page)

Item	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
State Rural Rehabilitation Corpora- tion Funds (Trust Accounts):			
Funds of State Rural Rehabilitation:			
Corporations made available to the:			
Department for rural rehabilita-			
tion purposes within the several			
states as follows:			
Salaries and expenses	1,267,775:	1,116,350:	821,350
Rural Rehabilitation projects ..	10,793:	13,650:	13,650
Loans	11,371,267:	20,000:	15,000
Total, State Rural Rehabilita- tion Corporation Funds	12,649,835:	1,150,000:	850,000
TOTAL, OBLIGATIONS UNDER REVOLVING FUNDS, ALLOTMENTS AND TRUST FUNDS	48,782,750:	30,389,000:	24,222,000

PASSENGER MOTOR VEHICLES

The estimate for 1952 contemplates the replacement of 10 passenger motor vehicles under the appropriation "Farmers' Home Administration." These constitute less than 25% of the total number of cars now operated under this appropriation. The estimated mileage of the 10 cars to be replaced is as follows:

6 cars over 70,000 miles
2 cars over 60,000 miles
2 cars at 60,000 miles

The net cost of replacing these 10 passenger motor vehicles is estimated at \$10,000, based on a net average of \$1,000 per vehicle.

These automobiles are being replaced in order to provide necessary transportation in State and Area Finance Offices for those employees who are required to travel intermittently in carrying out their duties in the field. They will be used whenever possible in providing pool transportation between specific points.

FARM CREDIT ADMINISTRATION

Purpose Statement

The Farm Credit Administration, established pursuant to Executive Order 6084 dated March 27, 1933, is charged with the responsibility of supervising and coordinating the Farm Credit System, which is a national farm loan program for agricultural credit provided through the following basic institutions: the Federal land banks and national farm loan associations, Federal intermediate credit banks, production credit corporations and production credit associations, banks for cooperatives, and the Federal Farm Mortgage Corporation. Its objective is to provide a dependable source of long-term and short-term credit at all times to farmers and farmers' cooperative associations on a sound credit basis through coordinated cooperative credit facilities and to obtain loan funds from the investing public without the necessity of the Government guaranteeing the securities issued. A fundamental principle of the Administration is the encouragement and development of agricultural cooperative institutions with complete farmer ownership the ultimate objective, especially insofar as the institutions it supervises are concerned. In addition to the lending programs under its supervision the Administration provides research and service facilities to farmers' cooperative associations, as authorized and directed by the Cooperative Marketing Act of 1926.

The Federal Farm Mortgage Corporation and Central Bank for Cooperatives are in Washington, D. C.; Farm Credit district offices are at:

Springfield, Mass.	New Orleans, La.	Wichita, Kansas
Baltimore, Md.	St. Louis, Mo.	Houston, Texas
Columbia, S. C.	St. Paul, Minn.	Berkeley, Calif.
Louisville, Ky.	Omaha, Nebr.	Spokane, Wash.

On November 30, 1950, the Administration had 453 full-time employees, of whom 302 are in Washington. The 151 field employees are registrars, appraisers, and examiners.

	Estimated, 1951	Budget estimate, 1952
Administrative expenses	\$2,904,700	\$2,905,000

(a) Salaries and Expenses

Appropriation Act, 1951	\$2,910,000
Savings under sec. 1214	-5,000
Activities transferred in the 1952 Estimates to "Salaries and Expenses, Office of Information, Department of Agriculture" for distribution of motion pictures	-300
Base for 1952	2,904,700
Budget Estimate, 1952	2,905,000
Change (consists of a decrease of \$500 due to providing a direct appropriation to the General Services Administration for certain procurement costs previously paid from this appropriation, and an adjustment of \$300 to round off the estimate)	+300

PROJECT STATEMENT

Project	1950	1951 (estimated)	Adjust- ment	1952 (estimated)
<u>Direct Obligations</u>				
1. Supervision and examination of and facilities and services to farm credit banks and corporations:	\$2,198,976:	\$2,325,000:	—	\$2,325,000
2. Research and technical assistance, including facilities and services to farmers' cooperatives:	507,080:	579,700:	+\$300:	580,000
Unobligated balance	22,509:			
Subtotal	2,728,565:	2,904,700:	+300:	2,905,000
<u>Reimbursable Obligations</u>				
1. Supervision and examination of and facilities and services to farm credit banks and corporations	86,327:	—	—	
Total available	2,814,892:	2,904,700:	+300:	2,905,000
Transfer in 1951 Estimates from "Research and Marketing Act of 1946, Department of Agriculture":	-29,960:	—		
Transfer in 1952 Estimates to "Salaries and expenses, Office of Information, Department of Agriculture"	+371:	+300:		
Reimbursements for services performed	-86,327:			
Savings under Section 1214		+5,000:		
Total appropriation or estimate ...:	2,698,976:	2,910,000:		

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

- 1 For necessary expenses, including [not to exceed \$5,000 for attendance at meetings or conventions of members of organizations at which matters of importance to the work of the Farm Credit Administration are to be discussed or transacted;] library membership fees or dues in organizations which issue publications to members only or to members at a lower price than to others, payment for which may be made in advance; not to exceed \$20,000 for expenditures authorized
- 2 by section 602 of the Organic Act of 1944 (12 U.S.C. 833) [; purchase of one passenger motor vehicle (for replacement only) for use in the District of Columbia and elsewhere; garage rental in the District of Columbia; payment of actual transportation and other necessary expenses; and not to exceed \$10 per diem in lieu of subsistence of persons serving, while away from their homes, without other compensation from the United States, in an advisory capacity to the Farm Credit Administration, except that such expenditures shall not exceed \$10,000; examination of corporations, banks, associations, and institutions operated, supervised, or regulated by the Farm Credit Administration \$585,000.] \$580,000, together with not to
- 3 exceed \$2,325,000 of [collections] receipts from [Federal] Farm Credit agencies [of assessments and charges], to be advanced [by transfer and counter warrant] to this appropriation, to cover the cost of [Farm Credit Administration] supervision, facilities, examinations; and other services rendered to such agencies; [\$2,910,000] \$2,905,000.

The first change proposes deletion of the authority and limitation for attendance of meetings. Authority contained in 5 U.S.C. 83 makes retention of the authority unnecessary and as expenditures have not been and will not be appreciable, the deletion is proposed to simplify accounting and auditing work incident thereto.

The second change proposes (1) deletion of non-recurring authority provided in the 1951 Act to purchase a passenger motor vehicle; (2) deletion of authority to pay garage rent in the District of Columbia, which is no longer required as the facilities of the Department garage are available without charge; (3) deletion of the limitation and authority to pay special per diem to consultants, as authority contained in Public Law 600 makes the retention unnecessary; and (4) deletion of the words "examination of corporations, banks, associations, and institutions operated, supervised, or regulated by the Farm Credit Administration", as these words are surplusage and are recommended for deletion for the sole purpose of simplifying and shortening the item.

The third change (1) proposes substitution of the word "receipts" for "collections"; deletion of the words "Federal", "of assessments and charges," and "Farm Credit Administration"; and the addition of the word "supervision" solely for the purpose of simplifying and shortening the wording of the item;

and (2) deletion of the words "by transfer and counter warrant" to provide for the transfer of funds by check, without warrant action, pursuant to Section 1210 of the General Appropriation Act, 1951.

Sources of Funds

	: Estimate, : 1951	: Budget : estimate, : 1952	: Increase (+) : or : decrease (-)
Direct appropriation from U. S. Treasury ..:	\$585,000:	\$580,000:	-5,000
Savings under Section 1214	-5,000:	---	+5,000
Comparative transfer to "Salaries and expenses, Office of Information, De- partment of Agriculture	: : -300:	: : ---	: : +300
Subtotal	579,700:	580,000:	+300
Advanced from "Administrative Expenses and Refunds, Farm Credit Administration," for cost of facilities, examination, and supervision of:	: : : :	: : : :	: : : :
Federal land banks	1,320,100:	1,218,700:	-101,400
Banks for cooperatives	238,400:	267,000:	28,600
Federal Farm Mortgage Corporation	131,500:	111,300:	-20,200
Federal Intermediate credit banks	269,900:	327,400:	57,500
Production credit corporations	246,900:	252,800:	5,900
Joint stock land banks, production credit associations, and general agents' offices	: : 118,200:	: : 147,800:	: : 29,600
Subtotal	2,325,000:	2,325,000:	--
Total funds available	2,904,700:	2,905,000:	+300

STATUS OF PROGRAM

Objectives - Farm Credit Administration is a supervisory agency established to provide the banks and corporations comprising the Farm Credit System with centralized and coordinated supervision and examination, and to furnish facilities and services which are essential to the operation of the system and its progress toward ultimate farmer-ownership. A correlated function is to assist farmers in the organization and management of cooperative enterprises.

Significance of Program - Effective supervision and examination have aided the Farm Credit System to develop sound administrative management, and the facilities and services made available by the Administration have enabled the system to serve farmers well. The steady increase in the number of farmers participating in cooperative credit indicates their confidence in the Farm Credit System and demonstrates that with effective leadership such a credit system is desirable and feasible. The Administration's program of cooperative research and service assists farmers' cooperative associations to organize and to serve their members effectively.

Farm Credit Administration's program is adjusted from year to year to relate its activities to the requirements and problems of the several credit agencies and farmers' cooperatives. The program has two broad phases which are described below.

1. Supervision, Examination, Services, and Facilities for the Farm Credit System

The Farm Credit System - The Farm Credit banks and corporations are engaged either in making or discounting loans to farmers and their cooperatives or in the supervision of those activities. The 12 Federal land banks make amortized real estate mortgage loans through 1,200 national farm loan associations and are agents of the Federal Farm Mortgage Corporation in liquidating its assets. The 13 banks for cooperatives make loans to finance the production, marketing, and service operations of farmers' cooperatives but do not make loans to individual farmers. The 12 production credit corporations are not lending agencies; their principal functions are to supervise the 500 production credit associations in their crop, livestock, and general purpose loan operations and to provide a part of their capital. The 12 Federal intermediate credit banks provide facilities for the discount of agricultural and livestock loans for production credit associations, commercial banks, and other financial institutions.

Influence of system in farm credit field - Other lenders are providing the major portion of farm mortgage credit as they now hold about 82 percent of all farm mortgages. However, the influence of the Farm Credit System in the lending field is substantially greater than might be indicated by the relatively small percentage of farm credit it provides. The system continues to set the farm credit pattern as its interest rates and loan terms meet the specific

requirements of farmers and their cooperatives. To maintain this desirable influence the system must continue to do a reasonable share of the farm loan business everywhere in the United States and must have resources to assure efficient and effective organizations.

Current Activities - The Administration makes field studies, analyzes periodic reports, and makes examinations to ascertain that the organization and management of the system are sound, that the system is operating in conformity with governing acts and regulations, that accounting and reporting are adequate, and that accounts and statements show true financial condition. Financial statements are analyzed to determine adequacy of capital and reserves. Through adherence to sound credit and accounting principles and maintenance of strong financial structures, the system assures dependable sources of loan funds on advantageous terms by maintaining the confidence of investors in Farm Credit securities.

To assist the system in management improvement, the Administration analyzes credit and administrative procedures, studies interagency relationships, and performs research in the fields of farm real estate appraisal, and agricultural credit. Where new techniques and facts are found, they are recommended to the management of the system for consideration. Typical of this is a situation in the mortgage credit field where a problem of concern is applying the principle of normal agricultural values in appraisal work incident to making loans for the purchase of farms at the continued high price level. The application of this principle retards inflationary trends. Appraisal standards are being reviewed and research is being performed by the Farm Credit Administration to determine values which can be considered normal under present and anticipated economic conditions. This work includes the survey and classification of farm areas according to their agricultural economic status, the analysis of farm commodity prices, and study of loan experience. Such review and research is basic to the determination of values to be used as the basis for the formulation of sound appraisal standards. As a further means to suppress inflation the Administration participates with major lending institutions in evaluating the trends of agricultural economics and credit.

Certain agencies are assisted in the issuance, sale, and retirement of bonds and debentures, and in making investments. The wholly Government-owned agencies are assisted in budget formulation and execution.

The system is given advice and assistance in personnel management, and recognizing the importance of competent employees, the Administration consults with the agencies in their conduct of in-service training.

The growth and strength of the cooperative credit system depends on a public informed of its advantages. The Administration plans, produces, and supervises the dissemination of farm credit reports, news, and information. Currently, the intelligent use of credit is emphasized in Farm Credit publications and radio programs.

The Administration appoints, trains, and supervises Farm Credit examiners who are responsible for examining and reporting the financial condition of the agencies in the system; farm loan registrars who act as custodians of collateral, and land bank appraisers who certify to the appraised values of farms.

Selected Data on Operations - Farm Credit System activities and trends for recent years are illustrated in the tables which follow this narrative statement.

2. Research and Technical Assistance to Farmers' Cooperatives

The Farm Credit Administration is directed by the Cooperative Marketing Act of 1926 to further the development of agricultural cooperation in the United States. The Administration's objectives are threefold: to carry on research in the field of agricultural cooperation; to render advisory and other services to farmers' cooperatives; and to acquaint farmers and the public with cooperative principles. On the basis of its research, service, and educational activities in the field of agricultural cooperation, it is in a position also to render valuable advisory service to the Farm Credit System, particularly the banks for cooperatives.

Current Activities - At the present time the Administration is conducting research on 71 projects. In addition, the Administration is continuously working on service and educational projects, and it is constantly assisting cooperative associations through field contacts and correspondence. The results of such work are made available to cooperatives or groups interested in organizing an association in bulletins, reports, articles in the "News for Farmer Cooperatives," and through conferences with officials of cooperatives and educators. The Administration works in close cooperation with Federal and State agricultural extension and vocational agricultural educational services in work relating to agricultural cooperation.

Selected Examples of Recent Progress - The following projects are typical of those carried on under this activity:

1. Effectiveness of membership relations methods of farmers' cooperative associations - One of the most critical problems of cooperative associations is the maintenance of active membership interest and participation. This study examines and evaluates the educational methods employed by a large regional association. Preliminary analysis indicates that the findings will be of great value to all cooperatives in providing guidance on effective methods for activating their membership.
2. Possibilities of integrating cotton ginning and cottonseed oil milling operations - If cotton is to be competitive with foreign growths and synthetic fibers, costs must be reduced. It is believed that considerable economies can be realized by integrating the processing activities of ginning, compressing,

warehousing, cottonseed crushing, and the marketing of the various products. The economic problems involved in combining these operations under central cooperative management are being analyzed. The integration of the various operations, which appears to be feasible from an engineering standpoint, would result in substantial savings such as reducing overhead by extending the ginning season; elimination of transportation of cottonseed from the gin to the oil mill; elimination of duplicate storage capacity at the gin, oil mill, and compress; dual handling of seed; and insuring a sufficient volume of raw products to materially reduce processing cost as well as permit a more efficient merchandising program.

3. Annual statistical survey of farmers' cooperative marketing and purchasing associations - This study is made each year to provide complete State and National information on trends and developments in agricultural cooperation. The latest report indicates that some 10,000 farmers' marketing and purchasing cooperatives now do almost 10 billion dollars of business annually and serve about half the farmers in the United States. This report is a widely used handbook for Government officials, cooperative associations, teachers, and research workers.

FARM CREDIT ADMINISTRATION

Table 1 - Amount of loans and discounts made, by fiscal years, 1947 through 1950

Institution	1947	1948	1949	1950
Farm mortgage loans:				
Federal land banks	\$134,769,321	\$139,958,331	\$163,696,466	\$199,409,873
Land Bank Commissioner	15,286,730	1,352,554	10,106	26,185
Total	150,056,051	141,310,885	163,706,572	199,436,058
Loans to cooperatives:				
Federal intermediate credit banks 1/	14,161,931	14,459,607	12,145,786	8,226,825
Banks for cooperatives 2/	427,482,904	547,528,483	458,716,117	372,629,298
Agricultural Marketing Act revolving fund 1/	975,000	1,400,000	1,000,000	700,000
Total	442,619,835	563,388,090	471,861,903	381,556,123
Other loans and discounts:				
Production credit associations 1/	680,019,512	849,771,290	956,367,720	967,737,941
Federal intermediate credit banks (excluding loans to cooperatives) 1/	1,125,909,420	1,403,480,025	1,598,472,452	1,511,401,448
Total	1,805,928,932	2,253,251,315	2,554,840,172	2,479,139,389
Grand total	2,398,604,818	2,957,950,290	3,190,408,647	3,060,131,570

1/ Includes renewals.

2/ Excludes advances under CCC programs.

FARM CREDIT ADMINISTRATION

Table 2 - Amount of loans and discounts outstanding as of June 30 for specified years

Institution	1947	1948	1949	1950
Farm mortgage loans:				
Federal land banks	\$910,092,995	\$864,275,395	\$880,137,999	\$930,703,611
Land Bank Commissioner	123,145,601	37,962,222	65,496,576	49,494,029
Joint stock land banks	97,325	3,489	3,250	-
Total	1,033,335,921	952,241,106	945,637,825	980,197,640
Loans to cooperatives:				
Federal intermediate credit banks	2,255,081	1,170,285	646,077	591,574
Banks for cooperatives ^{1/}	155,258,680	231,518,249	248,008,203	244,605,580
Agricultural Marketing Act revolving fund	1,382,336	1,121,024	915,303	1,159,083
Total	158,896,097	233,809,558	249,569,588	246,356,237
Other loans and discounts:				
Production credit associations	362,005,322	464,831,438	528,026,386	531,133,429
Federal intermediate credit banks (excluding loans to cooperatives)	401,415,010	564,164,391	642,956,359	590,597,716
Total	763,420,332	1,028,995,829	1,170,982,745	1,121,731,145
Grand total	1,955,652,350	2,215,046,493	2,366,190,158	2,348,285,022

^{1/} Excludes advances under CCC programs.

FARM CREDIT ADMINISTRATION

Table 3 -- Gross assets as of June 30 for specified years

Institution	1947	1948	1949	1950
Farm mortgage credit:				
Federal land banks	\$1,097,935,528	\$1,034,760,328	\$1,029,997,976	\$1,083,264,224
Federal Farm Mortgage Corporation	161,575,194	140,147,872	73,995,835	57,657,720
Total	1,259,510,722	1,174,908,200	1,103,993,811	1,140,921,944
Short-term credit:				
Production credit corporations	109,066,300	98,728,323	63,639,983	59,299,531
Production credit associations	481,371,403	589,197,684	r/ 661,262,852	671,065,708
Federal intermediate credit banks	482,140,869	628,401,736	707,940,058	655,258,884
Banks for cooperatives	238,831,058	290,445,112	312,815,324	317,067,995
Total	1,291,409,630	1,606,772,855	r/1,745,658,217	1,702,692,118
Institutions in process of liquidation:				
Agricultural Marketing Act revolving fund 1/	r/ 185,412,230	r/ 184,058,871	r/ 184,033,444	184,045,519
Joint stock land banks	1,665,067	1,116,725	558,518	328,112
Total	r/ 187,077,297	r/ 185,175,596	r/ 184,591,962	184,373,631
Grand total	r/2,737,997,649	r/2,966,856,651	r/3,034,243,990	3,027,987,693

r/ Revised.

1/ Includes loans to stabilization corporations.

Table 4 - SELECTED COMPARATIVE DATA ON FEDERAL LAND BANKS

Item	June 30, 1948	June 30, 1949	June 30, 1950
Gross assets			
Loans outstanding:			
Number			
Amount	\$1,034,760,328	\$1,029,997,976	\$1,083,264,224
Loans closed during year ended:			
Number	308,649	303,567	308,798
Amount	\$864,275,395	\$880,137,999	\$930,703,611
Loans purchased from FPMC during year ended:			
Number	30,607	35,186	43,508
Amount	\$139,958,331	\$163,696,466	\$199,409,873
Repayments of loans during year ended			
Number	3,992	2,240	1,264
Amount	\$4,877,401	\$2,620,189	\$1,400,625
Loans delinquent:			
Number	\$158,431,408	1/\$114,648,620	1/\$105,046,186
Amount	12,264	13,190	14,964
Percent of loans delinquent;			
Number	\$34,513,546	2/	2/
Amount	4.0	4.3	4.8
Real estate and sheriffs' certificates acquired during the year ended:			
Number	36	16	22
Investment	\$126,061	\$52,309	\$78,132
Real estate and sheriffs' certificates disposed of during the year ended:			
Number:			
Whole	68	23	21
Part	4	3	2
Investment	\$261,724	\$87,177	\$62,058
Real estate and sheriffs' certificates on hand:			
Number	29	22	23
Investment	\$109,252	\$75,642	\$95,249
Bonds outstanding	\$651,145,000	\$646,402,500	\$715,601,500
Capital stock and surplus paid in -			
United States Government			
Capital stock owned by borrowers	\$56,352,278	\$56,915,403	\$59,287,930
Earned surplus	\$104,080,363	\$107,765,178	\$114,933,674
Legal reserve	\$93,950,588	\$95,584,131	\$97,557,587
Number of associations	1,257	1,230	-

1/ Includes principal matured, special principal payments, loans paid off prior to maturity.

2/ Not available.

Table 5 SELECTED COMPARATIVE DATA ON FEDERAL INTERMEDIATE CREDIT BANKS

Item	June 30, 1948	June 30, 1949	June 30, 1950
Gross assets.....	\$628,401,736	\$707,940,058	\$655,258,884
Loans and discounts outstanding	\$565,334,676	\$643,602,436	\$591,189,290
Loans and discounts made during year ended 1/	\$1,417,939,632	\$1,610,618,238	\$1,519,628,273
Repayments of loans during year 1/	\$1,256,275,047	\$1,532,350,479	\$1,572,041,419
Loans delinquent - amount	\$7,765,325	\$9,094,761	\$4,295,465
Percent of loans delinquent	1.36	1.41	0.73
Debentures outstanding	\$520,800,000	\$598,440,000	\$543,925,000
Debentures issued during year	\$692,815,000	\$735,400,000	\$727,055,000
Franchise tax	2/ \$178,181	3/ \$260,666	4/ \$393,660
Capital stock (owned by U. S. Government)	\$60,000,000	\$60,000,000	\$60,000,000
Surplus paid in	\$500,000	\$500,000	-
Earned surplus	\$24,487,218	\$25,269,216	\$26,450,196
Reserve for contingencies	\$10,225,000	\$10,820,000	\$12,050,000

- 1/ Includes renewals.
2/ Represents tax for the fiscal year ended June 30, 1948, paid in July 1948.
3/ Represents tax for the fiscal year ended June 30, 1949, paid in July 1949.
4/ Represents tax for the fiscal year ended June 30, 1950, paid in July 1950.

Table 6 -- SELECTED COMPARATIVE DATA ON BANKS FOR COOPERATIVES

Item	June 30, 1948	June 30, 1949	June 30, 1950
Gross assets	\$290,445,112	\$312,815,324	\$317,067,995
Number of borrowing cooperatives	1,559	1,666	1,754
Loans made during year ended	\$547,528,483	\$458,716,117	\$372,629,298
Repayments of loans during year	\$471,082,948	\$440,890,994	\$372,482,923
Loans outstanding	\$231,518,249	\$248,008,208	\$244,605,580
Advances under CCC programs	\$73,339	-	-
Capital stock or guaranty fund owned by borrowers	\$12,642,500	\$13,916,300	\$14,085,900
Capital stock owned by U. S. Government	\$178,500,000	\$178,500,000	\$178,500,000
Earned surplus	\$25,371,513	\$28,435,022	\$32,518,720
Legal reserve	\$10,987,182	\$11,979,326	\$13,457,225
Reserve for contingencies	\$7,125,000	\$5,800,000	\$6,150,000

Table 7 - SELECTED COMPARATIVE DATA ON PRODUCTION CREDIT CORPORATIONS
AND PRODUCTION CREDIT ASSOCIATIONS

Item	June 30, 1948	June 30, 1949	June 30, 1950
Production credit corporations:			
Gross assets	\$98,728,323	\$63,639,983	\$59,299,531
Capital stock - U. S. Government	\$81,635,000	\$46,235,000	\$42,235,000
Earned surplus	\$16,761,030	\$17,140,663	\$16,801,372
Production credit associations:			
Gross assets	\$589,197,684	r/ \$661,262,852	\$671,065,708
Number of associations	503	503	502
Number of member-stockholders	432,236	451,118	460,936
Number of loans made during year <u>1/</u>	266,449	283,363	282,693
Amount of loans made during year ended <u>1/</u>	\$849,771,290	\$956,367,720	\$967,737,941
Number of loans outstanding	233,965	252,458	252,412
Amount of loans outstanding	\$464,831,438	\$528,025,386	\$531,133,429
Repayments of loans during year:			
Number of loans repaid in full	174,547	185,929	184,825
Total amount of repayments	\$620,317,879	\$726,177,069	\$771,304,919
Renewals:			
Number	66,932	73,373	97,107
Amount	\$126,234,670	\$166,671,201	\$192,468,570
Loans delinquent:			
Number	3,511	3,109	4,340
Amount	\$4,421,280	\$4,855,137	\$5,707,711
Percent of loans delinquent:			
Number	1.5	1.2	1.7
Amount	1.0	0.9	1.1
Stock owned by members (largely class B)	\$51,492,148	\$61,940,628	\$67,192,709
Stock owned by production credit corporations (class A)	\$30,875,100	\$24,994,500	\$18,065,850
Reserve for guaranty fund	\$9,608,600	\$9,284,500	\$8,963,000
Reserve for contingencies	\$33,302,831	\$40,462,457	\$47,712,848
Unapplied earnings	\$4,164,101	\$4,681,435	\$4,451,585

r/ Revised.

1/ Includes renewals.

Table 8 -- SELECTED COMPARATIVE DATA ON FEDERAL FARM MORTGAGE CORPORATION

Item	June 30, 1948	June 30, 1949	June 30, 1950
Gross assets	\$140,147,872	\$73,995,835	\$57,657,720
Loans outstanding:			
Number	92,466	73,380	59,148
Amount	\$87,962,222	\$65,496,576	\$49,494,029
Loans closed during year ended:			
Number	1,199	11	30
Amount	\$1,352,554	\$10,106	\$26,185
Repayments of loans during year ended	1/ \$35,971,007	2/ 3/ \$22,347,305	3/ 4/ \$15,979,964
Loans delinquent:			
Number	7,120	6,495	6,045
Amount	\$8,447,570	5/	5/
Percent of loans delinquent:			
Number	7.7	8.9	10.2
Amount	9.6	5/	5/
Real estate and sheriffs' certificates acquired during the year ended:			
Number	19	20	21
Investment	\$60,793	\$37,934	\$50,263
Real estate and sheriffs' certificates disposed of during the year ended:			
Number:			
Whole	72	31	19
Part	5	4	1
Investment	\$270,968	\$80,973	\$38,384
Real estate and sheriffs' certificates on hand:			
Number	26	15	17
Investment	\$75,332	\$32,490	\$55,972
Bonds outstanding	-	\$500,000	-
Capital stock	\$10,000	\$10,000	\$10,000
Earned surplus	\$122,972,426	\$62,661,031	\$49,029,069

1/ Includes loans sold to FLB in the amount of \$4,877,401.
2/ Includes loans sold to FLB in the amount of \$2,620,189.
3/ Includes principal matured, special principal payments, and loans paid off prior to maturity.
4/ Includes loans sold to FLB in the amount of \$1,400,625.
5/ Not available.

(b) Agricultural Marketing Revolving Fund

This is an indefinite appropriation available for investment in the capital stock of the 13 banks for cooperatives, and loans to cooperative associations indebted to the fund as are needed to facilitate the collection of such indebtedness (12 U.S.C. 1134b, 1141d).

(c) Administrative Expenses and Refunds

Appropriation Act, 1951, and base for 1952	\$2,325,000
Budget Estimate, 1952	<u>2,325,000</u>
Change	<u>- -</u>

Farm Credit Administration is authorized to estimate annually the cost of examination and administrative supervision of the banks, corporations, and other organizations under its jurisdiction and to assess on an equitable basis and collect in advance such estimated costs. The amounts so collected are made available by the Department of Agriculture appropriation act each year to the "Salaries and Expenses" appropriation of the Administration. Any excess of collections over costs properly chargeable to each organization assessed is refunded to the assessed organization (12 U.S.C. 832).

THE UNITED STATES OF AMERICA

IN SENATE
January 1, 1901
REPORT
OF THE
COMMISSIONER OF THE GENERAL LAND OFFICE
FOR THE YEAR 1900

LANDS BELONGING TO THE UNITED STATES

OF THE
LANDS BELONGING TO THE UNITED STATES
IN THE
YEAR 1900

TO THE
COMMISSIONER OF THE GENERAL LAND OFFICE
FOR THE YEAR 1900
OF THE
LANDS BELONGING TO THE UNITED STATES
IN THE
YEAR 1900

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND WORKING FUNDS

Item	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
Research and Marketing Act of 1946, (Title II) Department of Agriculture (Farm Credit Administration):			
Marketing research and services ..	\$240,828	\$232,000	\$209,000
Working Fund, Agriculture, General (Farm Credit Administration):			
For expenses incident to the training of Japanese agricultural leaders in the general field of agriculture	30	270	--
Operating Expenses, General Services Administration (Allotment to Agriculture) (Farm Credit Administration):			
For expenses as disposal agent for the Department in the agricultural and forest real property disposal program	446,302	--	--
TOTAL OBLIGATIONS UNDER ALLOTMENTS AND WORKING FUNDS	687,160	232,270	209,000

REPORT OF THE COMMISSIONER OF THE GENERAL LAND OFFICE, DEPARTMENT OF THE INTERIOR, UNITED STATES OF AMERICA.

Name of the land	Location	Area	Remarks
Tract No. 1	T. 1 N., R. 1 E., S. 1 E.	100.00	This tract is situated in the north-east corner of the section and is bounded by the section line on the north and east.
Tract No. 2	T. 1 N., R. 1 E., S. 1 E.	100.00	This tract is situated in the north-east corner of the section and is bounded by the section line on the north and east.
Tract No. 3	T. 1 N., R. 1 E., S. 1 E.	100.00	This tract is situated in the north-east corner of the section and is bounded by the section line on the north and east.
Tract No. 4	T. 1 N., R. 1 E., S. 1 E.	100.00	This tract is situated in the north-east corner of the section and is bounded by the section line on the north and east.
Tract No. 5	T. 1 N., R. 1 E., S. 1 E.	100.00	This tract is situated in the north-east corner of the section and is bounded by the section line on the north and east.
Tract No. 6	T. 1 N., R. 1 E., S. 1 E.	100.00	This tract is situated in the north-east corner of the section and is bounded by the section line on the north and east.
Tract No. 7	T. 1 N., R. 1 E., S. 1 E.	100.00	This tract is situated in the north-east corner of the section and is bounded by the section line on the north and east.
Tract No. 8	T. 1 N., R. 1 E., S. 1 E.	100.00	This tract is situated in the north-east corner of the section and is bounded by the section line on the north and east.
Tract No. 9	T. 1 N., R. 1 E., S. 1 E.	100.00	This tract is situated in the north-east corner of the section and is bounded by the section line on the north and east.
Tract No. 10	T. 1 N., R. 1 E., S. 1 E.	100.00	This tract is situated in the north-east corner of the section and is bounded by the section line on the north and east.

FEDERAL FARM MORTGAGE CORPORATION

Purpose Statement

The Federal Farm Mortgage Corporation (wholly Government-owned) was created by the Federal Farm Mortgage Corporation Act approved January 31, 1934 (12 U.S.C. 1020 et seq.) with the following authorities: finance Land Bank Commissioner loans, purchase Federal land bank bonds, make secured loans to Federal land banks, exchange its bonds for Federal land bank bonds, and obtain necessary funds through sale of its own bonds. Through these functions it provides a backlog of strength to the farm mortgage credit structure of the Nation in the event of an emergency serious enough to impair the availability of farm mortgage credit at reasonable rates and terms. The authority to finance Land Bank Commissioner loans is now exercised only in the liquidation and collection of existing Land Bank Commissioner loans, authority to make new Commissioner loans having expired at the close of business July 1, 1947. To carry out the aforementioned authorities the Corporation was capitalized at \$200,000,000 subscribed for by the Governor of the Farm Credit Administration on behalf of the United States Treasury and given authority to issue and have bonds outstanding at any one time in an aggregate amount not to exceed \$2,000,000,000.

With the expiration on July 1, 1947, of the authority to make new loans, the Corporation's primary function has been that of liquidating its assets which has resulted in the return to the capital stock revolving fund of \$199,990,000 capital, the payment of dividends into the General Fund of the Treasury of \$68,000,000 in 1949, \$17,000,000 in 1950, and \$7,000,000 in the first 6 months of 1951. The Corporation has no unmatured outstanding bonds and its borrowing authority has been reduced to \$500,000,000. The balance of \$199,990,000 held in the capital stock revolving fund has been transferred to Treasury surplus, pursuant to authority contained in the Department of Agriculture Appropriation Act, 1951.

The Corporation has no employees. The services and facilities of the Farm Credit Administration (Washington office), Federal land banks, and national farm loan associations are utilized in carrying out the functions of the Corporation.

	<u>Estimated, 1951</u>	<u>Budget estimate, 1952</u>
Administrative expense limitation	\$1,280,000	\$1,100,000

(a) Administrative Expenses

Appropriation Act, 1951, and base for 1952	\$1,280,000
Budget Estimate, 1952	<u>1,100,000</u>
Decrease	<u>-180,000</u>

SUMMARY OF DECREASES, 1952

Reduction in reimbursements to the Federal land banks for servicing land bank commissioner loans	-179,300
Decrease in payments for services rendered by other Government agencies	-700

DECREASES

The decrease of \$180,000 in funds required for 1952 administrative expenses is composed of:

(1) A decrease of \$179,300 in reimbursements to the Federal land banks for servicing land bank commissioner loans.

The Federal land banks, since the establishment of the Federal Farm Mortgage Corporation, have performed credit functions of the Corporation on a reimbursable basis. Since July 1, 1947, when the Land Bank Commissioner's lending authority expired, these functions involve only the servicing of outstanding loans and other assets for which each bank is reimbursed under a contract with the Corporation.

The 1952 contracts with the Federal land banks are estimated at \$1,094,200, \$179,300 less than the maximum of \$1,273,500 set in the 1951 contracts. The estimate is based on estimated costs of the land banks and covers the servicing of 30,450 units. The liquidation of these assets, which are in all Farm Credit districts, will require continued servicing by the land banks.

(2) Decrease of \$570 in reimbursements to the Treasury Department.

This is a decrease in the estimate of reimbursements to the Bureau of Public Debt for the retirement and cancellation of the Corporation's matured bonds.

(3) Decrease of \$130 in reimbursements to Federal Reserve banks for handling the Corporation's matured bonds.

(b) Federal Farm Mortgage Corporation, Excess Capital Stock

CHANGES IN LANGUAGE

The estimates include proposed change in the language of this item as follows(deleted matter enclosed in brackets):

[REDUCTIONS IN APPROPRIATIONS]

[Amounts available from appropriations are hereby reduced in the sums hereinafter set forth, such sums to be carried to the surplus fund and covered into the Treasury immediately upon the approval of this chapter:

An amount of \$199,990,000 in the revolving fund held in the Treasury available to the Governor, Farm Credit Administration, as authorized by the Federal Farm Mortgage Corporation Act, as amended (12 U.S.C. 1020b), for resubscriptions to the capital stock of the Federal Farm Mortgage Corporation.]

This change is for the purpose of deleting the non-recurring language provided in the 1951 Appropriation Act, under which the balance in the revolving fund was carried to the surplus fund and covered into the Treasury.

STATUS OF PROGRAM

Creation and Purpose - The Federal Farm Mortgage Corporation (wholly Government-owned) was created by the Federal Farm Mortgage Corporation Act approved January 1, 1934 (12 U.S.C. 1020 et seq.) with the following authorities: finance Land Bank Commissioner loans, purchase Federal land bank bonds, make secured loans to Federal land banks, exchange its bonds for Federal land bank bonds, and obtain necessary funds through sale of its own bonds. Through these functions it provides a backlog of strength to the farm mortgage credit structure of the Nation in the event of an emergency serious enough to impair the availability of farm mortgage credit at reasonable rates and terms. The authority to finance Land Bank Commissioner loans is now exercised only in connection with the liquidation and collection of existing Land Bank Commissioner loans since the authority to make new Commissioner loans expired at the close of business July 1, 1947.

Organization and Management - The management of the Corporation is vested in a board of directors, consisting of the Secretary of the Treasury or an officer of the United States Treasury designated by him, the Governor of the Farm Credit Administration, and the Land Bank Commissioner. The Corporation employs no personnel; instead it utilizes the services and facilities of the Farm Credit Administration (Washington office), Federal land banks, and national farm loan associations to carry out its corporate functions for which the agencies are reimbursed by the Corporation at cost. In addition the Federal Reserve banks and the Treasury Department perform certain fiscal services for the Corporation for which they are reimbursed.

Source of Funds:

1. Capital Stock - The Federal Farm Mortgage Corporation Act (12 U.S.C. 1020b) provided that the capital stock of the Corporation should be in the amount \$200,000,000 to be subscribed for by the Governor of the Farm Credit Administration on behalf of the United States. Under the authority of subsequent statutory enactments, the Corporation has repaid to the Secretary of the Treasury on behalf of the United States \$199,990,000, leaving outstanding capital stock at June 30, 1949, of \$10,000. The amount returned to the United States Treasury and held in a revolving fund, available for future subscriptions to the capital stock of the Corporation, pursuant to authority contained in the Department of Agriculture Appropriation Act, 1951, has been transferred to Treasury surplus.
2. Earned Surplus - The Corporation had earned surplus (before dividends) of \$66,029,069 at the end of fiscal year 1950. The Corporation has declared and paid into the general fund of the Treasury dividends of \$68,000,000 in 1949, \$17,000,000 in 1950, and \$7,000,000 in the first 6 months of 1951. Further payments will be made as the Corporation's realizations from liquidations permit.
3. Borrowings - With the approval of the Secretary of the Treasury, the Corporation has authority to issue bonds which are fully and

unconditionally guaranteed, both as to principal and interest, by the United States. The original authority permitted the Corporation to have bonds outstanding at any one time in an aggregate amount not to exceed \$2,000,000,000; however, this authority was reduced to \$500,000,000 by the Government Corporations Appropriation Act, 1949. The Corporation had no unmatured bonds outstanding at June 30, 1950, and had funds on deposit with the United States Treasury to pay the \$841,400 of matured bonds held by the public.

Type and Result of Operations:

1. Lending Program - During the approximate 17 years of the Corporation's operation to June 30, 1950, the Land Bank Commissioner made 679,705 mortgage loans in the amount of \$1,217,830,868, of which \$1,168,336,839 has been liquidated, including \$931,077,000 repaid by borrowers. Additional credit was extended by the Corporation to farmers in the form of purchase money mortgages, real estate sales contracts, and notes receivable resulting from the acquisition and sale of real estate securing mortgage loans. At June 30, 1950, there remained to be liquidated \$52,911,599 in assets consisting of 59,148 mortgage loans amounting to \$49,494,029, and purchase money mortgages, sales contracts, notes receivable, other loans receivable, and real estate of \$3,417,570. Thus, at the end of 17 years only 4.3 percent of the amount of the original loans remained outstanding.
2. Sale of Assets to Federal Land Banks - The Federal land banks are empowered under the act of June 30, 1945, to purchase mortgages and sales contracts from the Corporation; such transactions are subject to the borrower purchasing stock in the national farm loan association and to the loan limits applicable to Federal land bank loans. As of June 30, 1950, the banks had purchased 66,374 loans, purchase money mortgages, and contracts, amounting to \$90,781,415.
3. Financing Program - During its period of operation the Corporation utilized all of its authorized capital stock of \$200,000,000 and borrowed approximately \$3,000,000,000 through the issuance of bonds to finance Land Bank Commissioner loans and to assist the Federal land banks through loans and the purchase of farm loan bonds.
4. Operating Results - The Corporation's income from all sources from the date of its inception to June 30, 1950, was \$692,155,933; its expenses (including charge-offs and provision for future losses) amounted to \$558,126,864, leaving a net income of \$134,029,069.
5. Repayment of Loans - The amount of loan repayments during the fiscal year 1950 totaled \$17,098,637; the estimated amounts to be repaid in 1951 and 1952 are \$12,167,000 and \$9,005,000, respectively. These repayments represent for 1950 approximately 25 percent of the loans outstanding at the beginning of the year, for 1951 approximately 23 percent, and for 1952 approximately 22 percent. The actual amounts of repayments may vary considerably from the amounts estimated since they will depend largely upon general agricultural and economic conditions existing during the respective years.

6. Net Income - The net income of the Corporation for the fiscal year 1952, before adjustment of reserves, is estimated at only \$686,400 compared with \$1,617,582 actual in 1950. Gross income in 1952 is estimated at \$1,920,100 compared with \$3,256,334 in 1950, and total expenses at \$1,233,700 compared with \$1,638,952. The ratio of expenses to earnings in 1952 shows a decided increase due to the steady reduction in the volume of interest-earning assets.
7. Disposal of Corporation's Mineral Interests - Pursuant to Public Law 760, 81st Congress, all mineral interests held by the Federal Farm Mortgage Corporation may be sold to private persons who apply therefor on and after December 5, 1950, and prior to September 6, 1957 (or 7 years from the date the mineral interests are acquired, whichever is later) and who at the time of application are the owners of the surface of the land. Applicants are required to establish at their own expense their title to the surface land.

In carrying out the authority contained in Public Law 760 the Corporation will utilize the services and facilities of the Farm Credit Administration (Washington office) and the Federal land banks, reimbursing the agencies at cost. However, the expenses incident to this program will be treated as capital expenditures.

Summary of Operations - The actual operations for the fiscal year 1950 and estimated for 1951 and 1952 are summarized briefly in the following table:

	Fiscal Year 1950 Actual	Fiscal Year 1951 Estimated	Fiscal Year 1952 Estimated
<u>Funds Applied</u>			
To make loans to farmers.....	\$171,429	-	-
To acquisition and improvement of acquired security or collateral	65,025	\$46,000	\$46,000
To administrative expenses.....	1,421,219	1,280,000	1,100,000
To other operating expenses.....	219,964	160,600	133,700
To repayment of borrowings.....	846,500	210,000	158,000
To dividend payment to U.S. Treasury	17,000,000	10,000,000	-
To increase working capital	672,376	2,958,100	9,521,400
	20,396,513	14,654,700	10,959,100
<u>Funds Provided</u>			
By repayments of principal of loans	17,098,637	12,167,000	9,005,000
By sale of acquired security or collateral	230,323	149,600	142,800
By income	3,067,553	2,338,100	1,811,300
	20,396,513	14,654,700	10,959,100

FEDERAL INTERMEDIATE CREDIT BANKS

Purpose Statement

The 12 Federal intermediate credit banks were organized pursuant to the Agricultural Credits Act of 1923. They serve as banks of discount for agriculture and do not make loans directly to individuals or accept deposits of funds other than as collateral security. They discount agricultural and livestock paper for, and make loans to, financing institutions and farmers' cooperative associations to finance the seasonal production and marketing needs of farmers and stockmen. The banks are supervised by the Intermediate Credit Commissioner who is responsible to the Governor of the Farm Credit Administration. Each bank operates under the direction of a district Farm Credit board.

The Federal intermediate credit banks finance their lending activities primarily through the issuance and sale to the investing public of consolidated collateral trust debentures and by direct borrowing from commercial banks. The operating expenses, including interest costs, are paid from the income of the banks. The United States Government assumes no liability for the debentures or other obligations of the banks and that fact is required to be set forth on the face of their debentures.

The paid-in capital of each bank is \$5,000,000, a total of \$60,000,000 for the system, paid in by the Secretary of the Treasury. In addition, the revolving fund of \$40,000,000 created by section 15a of the Federal Farm Mortgage Corporation Act is available for subscription to additional capital stock or paid-in surplus, should the need therefor arise.

On November 30, 1950, the 12 banks had a total of 278 employees, all in the field.

	<u>Estimated, 1951</u>	<u>Budget estimate, 1952</u>
Administrative expense limitation	\$1,496,000	\$1,496,000

Speed (km/h)	10th Percentile (veh/h)	50th Percentile (veh/h)	90th Percentile (veh/h)
20	1000	600	300
30	1500	1000	400
40	1800	1100	500
50	1500	1200	550
60	1000	800	600
70	500	400	400
80	200	150	200
90	100	50	100

Administrative Expenses

Appropriation Act, 1951, and base for 1952	\$1,496,000
Budget estimate, 1952	<u>1,496,000</u>
Change	<u> ~ ~ </u>

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STATUS OF PROGRAM

Creation and Purpose - The 12 Federal intermediate credit banks were established pursuant to the Agricultural Credits Act, approved March 4, 1923 (12 U.S.C. 1021, 1022), to provide a permanent system which (through the sale in the investment markets of its obligations, which are not guaranteed by the Government either as to principal or interest), would obtain funds for the extension of seasonal credit to local lending institutions serving farmers and stockmen, and to farmers' cooperative associations, upon terms suited to their needs.

Management and Supervision - Each bank operates under its own corporate management and under the direction of a board of directors, composed of the members of the district Farm Credit Board, who are, ex officio, the directors of the four permanent credit units of each Farm Credit district. The operations of the banks are supervised by the Intermediate Credit Commissioner, who is responsible to the Governor of the Farm Credit Administration.

Source of Funds:

1. Capital Funds - The Government's present capital investment in the intermediate credit banks is \$60,000,000, consisting of \$5,000,000 of paid-in capital for each of the 12 banks (12 U.S.C. 1061). Should additional capital be required to enable the banks to meet the credit needs of eligible borrowers, the Governor of the Farm Credit Administration is authorized, with the approval of the Secretary of the Treasury, to subscribe and pay for additional capital stock or paid-in surplus out of the revolving fund of \$40,000,000 created in 1934 by section 15a of the Federal Farm Mortgage Corporation Act (12 U.S.C. 1131i(e)).
2. Unreserved Surplus - The net income of the banks from organization to June 30, 1950, after payment of all expenses and other costs, and losses charged off, amounted to \$46,513,378. Of this amount, \$8,013,181 has been paid to the United States Treasury in franchise taxes and \$12,050,000 has been transferred to the reserves for contingencies, leaving \$26,450,196 as unreserved surplus.
3. Borrowings - The banks finance their lending activities primarily through the issuance and sale to the investing public of consolidated collateral trust debentures and by direct borrowings from commercial banks (12 U.S.C. 1041 et seq.), rather than through the use of appropriated funds. The banks are authorized also to rediscount eligible paper with the Federal Reserve banks; however, it has not been necessary to use these facilities for a number of years. Each bank is authorized, with the approval of the Farm Credit Administration, to issue and sell debentures and to borrow money. The aggregate amount of debentures and other similar obligations which may be outstanding on behalf of any bank may not exceed 10 times its surplus and paid-in capital (12 U.S.C. 1041). During the fiscal year 1950, the peak ratio of such

obligations to capital and surplus ranged among the banks from 3.9-to-1 to 9.4-to-1, and was 6.5-to-1 for the system as a whole, which is the highest ratio in the history of the banks.

- (a) Debentures - Debentures are required to be secured by the assignment and deposit with Farm Loan Registrars of cash, notes, and other obligations representing loans and discounts, and United States securities at least equal in amount to the amount of debentures outstanding. The United States Government assumes no liability for the debentures of the Federal intermediate credit banks and that fact is required to be set forth on the face of their debentures (12 U.S.C. 1043). The total amount of unmatured debentures outstanding at June 30, 1950, was \$543,925,000.
- (b) Notes Payable - When unexpected demands arise between monthly debenture sale dates, short-term loans are obtained from commercial banks on notes payable. The banks had \$8,500,000 such obligations outstanding at June 30, 1950.

Lending Operations:

1. Types of Credit - The Federal intermediate credit banks are agricultural banks of discount and do not make loans directly to individuals. They discount agricultural and livestock paper for, and make loans to, financing institutions and farmers' cooperative associations to finance the seasonal production and marketing needs of farmers and stockmen. Maturities of loans and discounts may not exceed 3 years.
2. Eligible Borrowers - Eligible borrowing and rediscounting institutions include production credit associations, national and state banks, agricultural credit corporations, and livestock loan companies. The banks are authorized also to make certain classes of loans and advances directly to farmers' cooperative marketing and purchasing associations. Since the passage of the Farm Credit Act in 1935, however, loans to cooperatives ordinarily are made by the banks for cooperatives, which rediscount some of their loans with the credit banks or use them as security for direct loans from the credit banks.
3. Volume of Business - As banks of discount, the Federal intermediate credit banks do not initiate lending programs or promote any demand for their services. It is their function, expressly authorized and clearly defined in the act, to finance eligible and acceptable paper within the terms of the act to the extent that it is offered by institutions qualified to receive credit from the banks. Their volume of business thus is governed primarily by the demand for credit, which is affected by general economic conditions, prices of agricultural commodities, crop and livestock yields, and other variable factors rather than by administrative action. At June 30, 1950, outstanding loans and discounts totaled \$591,139,290, and consisted of \$515,380,976 of credit to production

credit association, \$58,236,625 to other agricultural credit corporation and commercial banks, \$16,980,115 to banks for cooperatives, and \$591,574 to cooperative associations.

Operating Data:

1. Lending Activities - The volume of credit to be granted during 1952 is estimated at \$1,702,409,000, an increase of \$182,781,000 or 12 percent, over the 1950 volume. The actual volume may vary substantially from the amount estimated, since the demand for credit is governed largely by conditions over which the banks have no control.
2. Financing Activities - To finance their lending operations during 1952 the credit banks expect to issue consolidated debentures and borrow from commercial banks for short periods a total of \$1,062,288,000, or \$290,233,000 more than in 1950.
3. Gross Income - The principal income of the banks is derived from interest and discount on their loans and discounts and income from investments in United States securities. Gross income from loans and discounts is estimated at \$12,132,000 for 1952 compared with \$11,176,088 earned in 1950. On December 1, 1950, the loan and discount rate of each bank was 2 percent per annum ($2\frac{1}{2}$ percent in Puerto Rico). However, in one of the banks the rate will be increased to $2\frac{1}{4}$ percent, effective January 1, 1951. Income from United States securities owned by the banks is estimated at \$1,097,000 for 1952 compared with \$1,110,165 in 1950.
4. Expenses - The principal expenses of the banks consist of interest on outstanding debentures and other borrowings, administrative expenses, and advances to Farm Credit Administration central office for services and facilities furnished and examinations made. All expenses of the banks are paid out of their income. Interest and other costs on borrowed money are estimated at \$9,276,000 for 1952 compared with costs of \$8,142,007 in 1950. The average rate of cost on debentures outstanding in 1950 was 1.53 percent per annum. Interest costs are estimated by the banks at 1.60 percent for 1952 for budget purposes but are subject to change as prevailing short-term ratios fluctuate in the investment markets.
5. Net Income - Net income of the banks for 1952 is estimated at \$2,168,400 compared with \$2,804,641 earned in 1950. Out of the estimated net income for 1952 the banks expect to transfer \$1,025,000 to the reserve for contingencies, pay franchise taxes of \$285,900 to the United States Treasury, and transfer the remaining \$857,500 to unreserved surplus.

Summary of Operations - Actual operations for the fiscal year 1950 and estimated operations for 1951 and 1952, which are set forth in greater detail in the printed budget, are summarized in the following table:

	Fiscal Year 1950 Actual	Fiscal Year 1951 Estimated	Fiscal Year 1952 Estimated
<u>Funds Applied</u>			
To make loans and discounts	\$1,519,628,273	\$1,624,251,000	\$1,702,409,000
To repayments on borrowings	825,150,000	906,523,000	1,014,105,000
Operating expense:			
Interest and other money costs	8,142,007	8,676,000	9,276,000
Administrative expenses	1,357,020	1,496,000	1,496,000
Other operating expense	258,975	269,900	327,400
To investment in U. S. Government securities	191,878,695	123,440,800	128,940,600
Franchise tax payable	393,660	261,800	285,900
To repayment of surplus subscription, U. S. Treasury	500,000		
To increase working capital	552,517	2,866,400	3,105,000
	2,547,861,147	2,672,784,900	2,859,944,900
<u>Funds Provided</u>			
By repayments on principal of loans and discounts	1,572,041,419	1,582,410,000	1,655,411,000
By borrowings	772,055,000	948,883,000	1,062,288,000
Operating income	12,298,337	12,486,100	13,240,100
Nonoperating income	9,043	5,800	5,800
By sale of investments in U. S. Government securities	191,457,348	129,000,000	129,000,000
	2,547,861,147	2,672,784,900	2,859,944,900

Selected comparative data on the operations of the credit banks:

Item	June 30, 1948	June 30, 1949	June 30, 1950
Loans and discounts outstanding.....	\$565,334,676	\$643,602,436	\$591,189,290
Loans and discounts made during year ended 1/.....	1,417,939,632	1,610,618,238	1,519,628,273
Unmatured debentures outstanding.....	520,325,000	598,440,000	543,925,000
Debentures issued during year.....	692,815,000	735,400,000	727,055,000
Franchise tax payable.....	178,181	260,666	393,660
Capital stock (owned by U. S. Government).....	60,000,000	60,000,000	60,000,000
Surplus paid in.....	500,000	500,000	
Reserve for contingencies.....	10,225,000	10,820,000	12,050,000
Unreserved surplus.....	24,487,218	25,269,215	26,450,196

1/ Includes renewals.

PASSENGER MOTOR VEHICLES

The estimate provides for the replacement of one passenger motor vehicle at a net cost of \$1,100. The automobile to be replaced will have mileage in excess of 60,000 at time of disposal. The continued use of six old vehicles is contemplated.

The automobiles are used by officers and employees of the banks in making and servicing loans and discounts, principally for travel to places which cannot be reached advantageously or economically by common carrier.

PRODUCTION CREDIT CORPORATIONS

Purpose Statement

The production credit corporations, one in each of the 12 Farm Credit districts, were established pursuant to the Farm Credit Act of 1933 (12 U.S.C. 1131 et seq.) to organize, provide supplemental capital to, and supervise production credit associations. The latter are local cooperative associations, 500 in number, providing a permanent source of short-term production credit to farmers and stockmen throughout the United States and Puerto Rico.

A revolving fund of \$120,000,000 was established in the United States Treasury in 1933 for the capitalization of the production credit corporations (12 U.S.C. 1131i). This was reduced to \$90,000,000 in 1949 (P.L. 860 - 80th Congress) and with successive payments into the revolving fund starting voluntarily in 1944 only \$42,235,000 remained as paid-in capital at June 30, 1950. Most of the original capital of the production credit associations was furnished by the corporations through the purchase of class A stock. However, the associations are designed to become entirely locally owned by their farmer members, and 138 associations had reached this goal by November 30, 1950.

Each corporation operates within its own financial structure under its district board of directors. One of the principal functions is the supervision of associations which is designed to maintain their soundness and dependability. These associations in 1952 are expected to make about 317,000 loans for over one billion dollars. At June 30, 1950, their 461,000 member stockholders had purchased and owned about \$67,000,000 of the associations' capital stock.

On November 30, 1950, the 12 corporations had 175 employees (full-time equivalent), all in the field.

	Estimated, <u>1951</u>	Budget estimate, <u>1952</u>
Administrative expense limitation	\$1,358,000	\$1,358,000

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Administrative Expenses

Appropriation Act, 1951, and base for 1952	\$1,358,000
Budget Estimate, 1952	<u>1,358,000</u>
Change	<u>- -</u>

Figure 1 is a line graph with the following data points (approximate values):

Number of hauls	<i>P. setiferus</i> (%)	<i>P. setiferus</i> + <i>P. setiferus</i> + <i>P. setiferus</i> (%)
1	10	5
2	30	10
3	50	15
4	70	18
5	85	20
6	95	22
7	100	23
8	100	24
9	100	25
10	100	26

1. 1990年12月25日，在俄罗斯莫斯科，俄罗斯总统叶利钦在克里姆林宫正式宣布，俄罗斯联邦正式退出苏联，成为独立国家。

STATUS OF PROGRAM

Creation and Purpose - Pursuant to the Farm Credit Act of 1933 (12 U.S.C. 1131 et seq.) the production credit system was organized to provide permanent credit facilities especially adapted to the short-term credit requirements of agriculture. The system includes 12 production credit corporations, one in each of the 12 Farm Credit districts, and 500 local production credit associations. The corporations were established to organize, provide supplemental capital for, and supervise local production credit associations which were to make loans to farmers and stockmen.

Management and Supervision - Each corporation operates under its own corporate management and under the direction of a board of directors, composed of the members of the district Farm Credit Board who are, ex officio, the directors of the four permanent credit units of each Farm Credit district. The operations of the corporations are supervised by the Production Credit Commissioner, who is responsible to the Governor of the Farm Credit Administration. The affairs of the production credit associations are administered under the direction of their respective boards of directors, generally of five members, elected by and from the membership of the associations. The associations are under the supervision of the production credit corporations and through them, the Farm Credit Administration.

Source of Funds:

1. Capital Stock - The Farm Credit Act of 1933 established a revolving fund of \$120,000,000 in the United States Treasury for the purpose of purchasing the capital stock of the corporations, and the initial subscription for each corporation was fixed at \$7,500,000. The revolving fund was used in its entirety from 1935 to 1944, except that \$15,000,000 was returned to the Treasury in 1940 pursuant to a request by the President of the United States and was requisitioned again by the Governor from the fund in 1941. A voluntary program of returning capital to the revolving fund was begun in 1944. Annual repayments had reduced the outstanding capital from \$120,000,000 to \$31,635,000 at June 30, 1948. Pursuant to Public Law 860, 80th Congress, \$30,000,000 of paid-in capital was returned to the surplus fund of the Treasury by the corporations during 1949 which reduced the total amount of the revolving fund to \$90,000,000. Further repayments to the revolving fund in 1949 and 1950 and as estimated for 1951 and 1952 will reduce the paid-in capital stock of the corporations to \$36,235,000 at June 30, 1952.
2. Earned Surplus - After payment of all costs from organization to date, the earned surplus of the corporations at June 30, 1950, amounted to \$16,801,372, or 39.8 percent of their paid-in capital. It is required that net earnings of each corporation shall be devoted to building a surplus fund of at least 25 percent of its paid-in capital (12 U.S.C. 1131c (c)); nine of the corporations had such a surplus at June 30, 1950.

Type of Operations - The principal functions of the corporations are to organize, provide supplemental capital for, and supervise production credit associations which make short-term loans to farmers and ranchmen for general agricultural purposes. The associations obtain most of their loan funds by discounting farmers' notes with, and by other borrowings from, the Federal intermediate credit banks. The corporations maintain substantial immediately available resources in the form of investments in United States securities as a backlog of reserve strength in support of the entire system. These resources permit immediate increases in the investments in class A stock of production credit associations as needed. Meanwhile these securities provide the corporations with income.

1. Organizing Production Credit Associations - Production credit associations, numbering 500, have been established to serve all of the United States and Puerto Rico (12 U.S.C. 1131c, 1131d).
2. Capitalizing Production Credit Associations - The initial capital of the production credit associations was provided by the district production credit corporations through the purchase of class A stock in the associations. As farmers and stockmen obtained loans, they were required to purchase capital stock (class B) in their local associations and it was intended, ultimately, that the capital stock originally provided by the production credit corporations would be retired in full and the associations would be wholly owned by their members. In addition to the capital stock purchased by members to qualify their loans, many farmers and stockmen have purchased extra stock and others have retained their stock after repaying their loans. At June 30, 1950, farmers and stockmen owned \$67,192,709, or 79 percent, of the total capital stock of the associations. Additional capital stock investments in associations are made from time to time. Circumstances have arisen and will arise in the future where substantial capital investments by the corporations must be made immediately to provide the associations with an adequate capital structure to permit them to obtain loanable funds necessary to maintain their credit service. (For further information, see Table C)
3. Supervising Production Credit Associations - The 12 corporations are responsible in their respective districts for all phases of the supervision of the 500 associations. The corporations establish the basic policies under which association loans are made and must approve each loan which exceeds 20 percent of the associations' capital and guaranty fund and all loans to association officers and directors. In guiding the associations in building their own local credit institutions soundly, the corporations emphasize (1) sound and constructive credit service to farmers throughout their respective territories; (2) efficient, economical, and sound operations; (3) adequate reserves; (4) member ownership of the

associations; (5) training; and (6) decentralization of responsibilities. The policies of training and decentralization have enabled the corporations to reduce their staffs over one-third since 1940 and they function with relatively small staffs, a majority of whom are working directly with the association directors and officers largely through contacts at the association offices and occasional group meetings for neighboring associations. In these 500 associations operating through about 1500 offices and handling a billion dollar loan volume annually, new problems are continually arising, many of which are of major significance accentuating the need for adequate supervision.

Operating Data - The 1952 estimates reflect the increasing demand on the associations for credit. This demand, coupled with inflationary tendencies generally, important shifts in agricultural production, and some increase in problem loans and loan losses, is creating new problems in maintaining sound and constructive credit service to association members and qualified applicants seeking credit.

1. Administrative Expenses - Experience has demonstrated that if the associations are to maintain a dependable credit service and continue to make progress as a group toward complete member-ownership, supervision by the corporations must be adequate to enable them to spot weaknesses in the early stages and to apply corrective measures promptly in order to avoid impairment of credit service in the areas served by these associations. For a summary of personnel requirements and administrative expenses, together with comparative workload data, see Table B.
2. Investment in Class A Stock of Production Credit Associations - Because of the anticipated increases in locally owned capital and reserves of the production credit associations and the desire of their membership to become completely locally owned, it is estimated that associations will retire stock owned by the corporations in the amounts of \$5,131,000 in 1951 and \$4,165,000 in 1952, with additional investments required of \$350,000 in each of these years. This is expected to reduce the corporations' total investment in class A stock of the associations to \$10,469,850 at June 30, 1952.
3. Retirement of Capital Stock - Repayments to the revolving fund are estimated at \$3,000,000 in both 1951 and 1952. Such payments will reduce the paid-in capital of the corporations to \$36,235,000 at June 30, 1952. There is no adequate basis for measuring the ultimate long-term capital and surplus needs of the production credit corporations until the system has weathered a period of falling or continued lower prices for farm products; however, past experience in agricultural credit has demonstrated the need in such a system for a strong capital structure and the availability of supplemental capital for temporary periods to meet sharp increases in demand for credit or other emergencies.

Table A

Summary of Operations - A summary of actual operations for the fiscal year 1950 and estimates for 1951 and 1952, which is set forth in greater detail in the printed budget, is given in the following table:

	Fiscal Year 1950 Actual	Fiscal Year 1951 Estimated	Fiscal Year 1952 Estimated
<u>Funds Applied</u>			
To investments in class A stock of production credit associations	\$915,000	\$850,000	\$850,000
To investments in United States securities:			
Repurchased at par from production credit associations under repurchase agreement	9,234,100	22,700,000	16,150,000
Other purchases	2,450,462	450,000	
To administrative expenses	1,338,715	1,358,000	1,358,000
To other operating expense	243,647	246,900	252,800
To repayment of capital to U.S. Treasury	4,000,000	3,000,000	3,000,000
To increase in working capital	121,983		12,900
	18,303,907	28,604,900	21,623,700
<u>Funds Provided</u>			
By retirement of class A stock investment in production credit associations	7,843,650	5,131,000	4,165,000
By sale of United States securities:			
To production credit associations at par value under repurchase agreement	661,700	850,000	850,000
Other sales	8,760,272	21,237,000	15,497,000
Operating income	1,038,285	1,090,000	1,111,700
By decrease in working capital		296,900	
	18,303,907	28,604,900	21,623,700

Table B

The following table is a summary of the personnel and administrative expenses as estimated for 1952, together with pertinent comparative data:

	1940 actual	1940 actual converted to 1950 salary and price levels 1/	1951 estimate	1952 estimate
Total personnel for 12 PCC's (man-years)	294		179	176
Total salaries	\$881,575	\$1,489,862	\$958,343	\$963,843
Total travel expense	\$190,257	\$321,534	\$195,500	\$191,500
Total administrative expenses	\$1,345,783	\$2,274,373	\$1,358,000	\$1,358,000
Total administrative expenses per \$100 of loans made by PCA's	\$0.41	\$0.69	\$0.14	\$0.12
Number of loans made by PCA's	229,566		305,000	320,000
Amount of loans made by PCA's	\$328,000,000		\$1,050,000,000	\$1,140,000,000
Estimated number of advances and repayments on these loans	1,850,000		2,745,000	2,880,000
Number of PCA offices, including full- and part-time field offices	1,071		1,574	1,573
Number PCA directors	2,645		2,525	2,520
Number PCA employees (man-years)	2,890		3,156	3,242

1/ On basis of Bureau of Labor Statistics cost of living index for calendar year 1949 of 169 with 1940 being 100.

Table C

The following table relates to the function of the production credit corporations in capitalizing production credit associations and shows the loan volume of production credit associations in relation to (1) capital and reserves of the associations and (2) the capital and surplus of the production credit corporations invested in or available for investment in capital stock of the associations.

	1945 actual	1950 actual	1952 estimate
Amount of loans made by PCA's.....	\$500,305,170	\$967,737,941	\$1,140,000,000
Amount of loans outstanding - June 30.....	266,712,538	531,133,429	600,000,000
Capital and reserves of PCA's:			
Capital stock owned by PCC's.....	55,700,485	18,065,850	10,470,000
Capital stock owned by members.....	31,232,224	67,192,709	79,000,000
Reserves.....	33,598,340	61,127,433	73,000,000
Total.....	120,531,049	146,385,992	162,470,000
Capital and surplus of PCC's:			
Paid-in capital.....	108,300,000	42,235,000	36,235,000
Surplus.....	12,716,436	16,801,372	15,749,372
Total.....	121,016,436	59,036,372	51,984,372
Use of PCC capital and surplus - June 30:			
Invested in class A stock of PCA's.....	55,700,485	18,065,850	10,469,850
Invested in United States bonds.....	64,233,250	40,051,035	40,879,035
Other.....	1,082,701	919,487	635,487
Total.....	121,016,436	59,036,372	51,984,372

Note: A fund of about \$41,000,000 in United States bonds held by the production credit corporations for immediate use in capitalizing production credit associations if needed and justified is not a large amount relative to the volume of association loans and the possible further increased needs of farmers for credit, and adverse developments which might occur.

PASSENGER MOTOR VEHICLES

The estimates provide for the replacement of 6 passenger motor vehicles at a net cost of \$9,000. The automobiles to be replaced will have mileage in excess of 60,000 at time of disposal. The continued use of 37 old vehicles is contemplated.

The automobiles are used by officers and field employees in carrying out the corporations' supervisory responsibilities over the production credit associations, principally for travel to association offices and, as required, to other points of duty such as the farms of association directors and borrowers.

SECRET

1. The purpose of this document is to provide information regarding the activities of the [redacted] in the [redacted] area. This information was obtained from a confidential source who has provided reliable information in the past.

2. The [redacted] has been observed at various locations in the [redacted] area. It is believed that the [redacted] is engaged in activities that are detrimental to the [redacted] and its interests. The [redacted] has been observed in the [redacted] area, and it is believed that it is engaged in activities that are detrimental to the [redacted] and its interests.

FEDERAL LAND BANKS

Subscriptions to Capital Stock, Federal Land Banks, Revolving Fund,
Office of the Secretary, Treasury Department

CHANGES IN LANGUAGE

The estimates include proposed change in language of this item as follows (deleted matter enclosed in brackets):

[REDUCTIONS IN APPROPRIATIONS]

[Amounts available from appropriations are hereby reduced in the sums hereinafter set forth, such sums to be carried to the surplus fund and covered into the Treasury immediately upon the approval of this chapter:

The total amount of \$125,000,000 in the revolving fund appropriated to the Office of the Secretary, Treasury Department, as authorized by the Federal Farm Loan Act, as amended (12 U.S.C. 698), for subscriptions to the capital stock of the Federal land banks.]

This change is for the purpose of deleting the non-recurring language provided in the 1951 Appropriation Act under which the fund was carried to the surplus fund and covered into the Treasury.

EXTENSION SERVICE

Purpose Statement

The Smith-Lever Act of May 8, 1914 inaugurated the present nationwide system of cooperative Federal-State extension work in agriculture and home economics. Its function is to take the research results, farm situation, and program facts of the Department of Agriculture and the State Agricultural Colleges and Experiment Stations to farm people in terms of local, ready-for-use application. The activities of the entire cooperative extension organization are directed toward:

1. The improvement of farm income through the application of science and farm mechanization.
2. The improvement of health through better nutrition and more adequate health facilities and services.
3. The improvement of family living through better housing, rural electrification, and more adequate labor saving equipment.
4. The improvement of educational and recreational facilities for the home and the community.
5. The development of a better understanding of, and more effective participation in community, State, national, and international affairs to the end that constructive policies may be determined.
6. Conservation of resources for the benefit of the nation and future generations.

Funds for payments to States are distributed to each State, Alaska, Puerto Rico and Hawaii, partly on the basis of prescribed amounts and partly on the basis of the rural population, the farm population, and, within limitations, as the Secretary may determine. The cooperative extension service derives its finances from Federal, State, county and local sources. These funds are used within the States for the employment of county agents, home demonstration agents, 4-H Club agents, State specialists and others who conduct among rural people the joint educational programs adopted for local application.

The Federal Extension Service maintains its central office in Washington and carries on its functions through the State extension services in cooperation with the 51 State and Territorial Land-Grant colleges, and a network of county extension offices in nearly 3,000 counties.

On November 30, 1950, there were approximately 12,400 State and county extension workers attached to the State organizations, and 272 Federal employees, 205 of whom were in Washington.

	Estimated, 1951	Budget Estimate, 1952
Appropriated funds:		
Payments to States, Hawaii, Alaska, and Puerto Rico	\$31,808,208	\$31,869,298
Salaries and expenses	888,500	887,500
Total appropriated funds	32,696,708	32,756,798

EXTENSION SERVICE

Summary of Appropriations, 1951 and Estimates, 1952

Item	Total estimated available 1951 a/	Budget estimates, 1952	Increase (+) or Decrease (-)
Payments to States:			
Capper-Ketcham Act.....	\$1,480,000:	\$1,480,000:	- -
Bankhead-Jones Act, Title II			
Section 21.....	12,000,000:	12,000,000:	- -
Section 23.....	12,500,000:	12,500,000:	- -
Additional extension work.....	555,000:	555,000:	- -
Alaska.....	56,100:	56,100:	- -
Puerto Rico.....	479,348:	540,438:	+\$61,090
Housing Act of 1949, Title V			
Section 506a.....	33,050:	33,050:	- -
Cooperative agricultural extension work (permanent)....	4,704,710:	4,704,710:	- -
Total, Payments to States.....	31,808,208:	31,869,298:	+\$61,090
Salaries and expenses.....	888,500:	887,500:	-1,000
Total.....	32,696,708:	32,756,798:	+\$60,090
Deduct permanent appropriation			
Cooperative agricultural extension work.....	-4,704,710:	-4,704,710:	- -
Total, direct annual appropriations.....	27,991,998:	28,052,088:	+\$60,090

a/ Adjusted for comparability with the appropriation structure proposed in the 1952 Budget estimates.

(a) Payments to States, Hawaii, Alaska, and Puerto Rico
for Cooperative Agricultural Extension Work

Appropriation Act, 1951 and base for 1952.....	\$27,103,498
Budget Estimate, 1952.....	27,164,588
Increase (For extension of Section 23 of the Bankhead- Jones Act to Puerto Rico).....	<u>\$61,090</u>

PROJECT STATEMENT

Project	1950	1951 (estimated)	Increase or decrease	1952 (estimated)
1. Capper-Ketcham Act (Act of May 22, 1928)...	\$1,480,000	\$1,480,000	- -	\$1,480,000
2. Bankhead-Jones Act, section 21, title II (Act of June 29, 1935)...	12,000,000	12,000,000	- -	12,000,000
3. Bankhead-Jones Act, section 23, title II of: the act approved June 29, 1935 as amended by the act of June 6, 1945.....	12,250,000	12,250,000	- -	12,250,000
Administrative expenses, Federal Extension Service.....	235,691	250,000	- -	250,000
4. Additional Extension Work (act of April 24, 1939).....	555,000	555,000	- -	555,000
5. Alaska: (Act of February 23, 1929).....	13,950	13,950	- -	13,950
(Act of October 27, 1949) a/.....	10,000	42,150	- -	42,150
6. Puerto Rico: (Act of August 28, 1937).....	408,000	408,000	- -	408,000
(Section 3, Act of March 4, 1931 Extension of Capper-Ketcham Act to Puerto Rico)....	- -	31,348	- -	31,348
(Act of October 26, 1949, P.L. 406)....	- -	40,000	+61,090(1)	101,090
7. Housing Act of 1949, Title V, section 506a...	116,400	33,050	- -	33,050
Unobligated balance.....	14,309	- -	- -	- -
Total available.....	<u>27,083,350</u>	<u>27,103,498</u>	<u>+61,090</u>	<u>27,164,588</u>

(Continued on next page)

Project	1950	1951 (estimated)
Transfer in 1950 estimates		
from "Salaries and		
Expenses, Farm Housing,		
Department of		
Agriculture.....	-116,400	- -
Total appropriation or		
estimate.....	26,966 950	27,103,498

a/ Funds for fiscal year 1950 appropriated under the Act of June 20, 1936, provisions of which extending partial benefits of the Capper-Ketcham Act to Alaska were substituted for by the Act of October 27, 1949.

INCREASE

(1) An increase of \$61,090 authorized under the Act of October 26, 1949 extending benefits of Section 23 of the Bankhead-Jones Act to Puerto Rico:

Objective: To intensify extension work in food production, food conservation, nutrition, health, and related programs, to help meet urgent needs.

Authorization: The Act of October 26, 1949 (Public Law 406) extends the benefits of Section 23, Title II of the Bankhead-Jones Act to Puerto Rico and authorizes an appropriation of \$101,090 for the first fiscal year following enactment and additional sum of \$100,000 for each succeeding year until the appropriation of \$401,090 annually is reached. The amount of \$40,000 was appropriated for fiscal year 1951.

Need for Increase: Puerto Rico is essentially an agricultural country and its economy is based on agriculture. More than 2,250,000 people, directly or indirectly, depend on the agricultural production of the Island for their living. There are over 600 people per square mile and the population is increasing at an annual rate of 50,000 persons. Because of the increasing population, poor soils and low yields, the problem of obtaining the most from the land is of tremendous importance. Every farm enterprise in Puerto Rico needs to be worked intensively to get maximum yields. Conserving the land and controlling erosion also becomes of greater significance all the time. Another serious problem is improper nutrition. There is a great need of intensifying efforts to teach the people the nutritive value of native foods and stimulate the production of more food products for home use. Lack of proper feeding is responsible for the low health standard of a large proportion of rural families. With the increasing number of

calls every day for the help of extension workers in the solution of agriculture and home problems, extension agents, because of their very limited number, are burdended with a very heavy work load. Transportation and communication facilities are still very inadequate. There is no rural mail service and no rural electrification facilities. Telephones and radios are lacking in the rural areas. Thus, personal contacts are necessary and more trained leaders are essential to reach the many rural families in need of help.

4-H Club Work: There are over 354,000 boys and girls of club age in the rural areas out of which there are 17,407 enrolled in 4-H Club work. Additional extension workers are needed to reach the far away stretches of the mountainous regions where most of these boys and girls live and work. There is a great need of increasing enrollment without sacrificing quality, and to extend the influence of 4-H Club work to a greater proportion of the rural boys and girls to teach them the best principles and methods of modern agriculture, homemaking, cooperation, teamwork and leadership.

Plan of Work: The additional funds requested would make possible the employment of 5 agricultural agents, 5 home demonstration agents, and 1 4-H Club leader to help rural families adopt improved methods and practices in the production and marketing of crops and livestock, erosion control, food preservation, and the betterment of their health and nutritional standards.

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

For payments to the States, Hawaii, Alaska, and Puerto Rico, for cooperative agricultural extension work as follows: Capper-Ketcham, Bankhead-Jones, and related Acts: Capper-Ketcham Act, the Act approved May 22, 1928 (7 U.S.C. 343a, 343b), \$1,480,000; Bankhead-Jones Act, section 21, title II, of the Act approved June 29, 1935, (7 U.S.C. 343c), ~~\$12,000,000~~; Bankhead-Jones Act, section 23, title II, of the Act approved June 29, 1935, as amended by the Act of June 6, 1945 (7 U.S.C. 343d-1), \$12,500,000; additional extension work, the Act approved April 24, 1939, as amended (7 U.S.C. 343c-1), \$555,000; Alaska, the Act approved February 23, 1929 (7 U.S.C. 386c), extending the benefits of the Smith-Lever Act to the Territory of Alaska, \$13,250, and the Act approved October 27, 1949 (~~Public Law 417~~ 7 U.S.C. 343d-4, 5), extending to the Territory of Alaska the benefits of the Capper-Ketcham Act and sections 21 and 23 of title II of the Bankhead-Jones Act, \$42,150; Puerto Rico, section 3 of the Act of March 4, 1931 (7 U.S.C. 386f), authorizing extension of the Capper-Ketcham Act to Puerto Rico, \$31,348; the Act approved August 28, 1937 (7 U.S.C. 343f-343g), extending the benefits of section 21 of the Bankhead-Jones Act to Puerto Rico, \$408,000, and the Act approved October 26, 1949 (~~Public Law 406~~ 7 U.S.C. 343d-2, 3), extending the benefits of section 23 of title II of the Bankhead-Jones Act to Puerto Rico, ~~\$40,000~~ \$101,090; and section 506a of title V of the Housing Act of 1949 (~~Public Law 171~~ 42 U.S.C. 1476), \$33,050; in all, payments to States, Hawaii, Alaska, and Puerto Rico, ~~\$27,103,498~~ \$27,164,588.

These changes in language are for the purpose of including citation to the U. S. Code in lieu of public law references.

PAYMENTS TO STATES AND TERRITORIES

Funds available for fiscal year 1951 for direct payments to States, Hawaii, Alaska, and Puerto Rico for cooperative agricultural extension work total \$31,808,208. In addition, \$88,180 was allotted from funds appropriated to the Department of Agriculture for Farm and Other Private Forestry Cooperation, and \$528,000 under Title II of the Research and Marketing Act.

The entire amount for payments to the States and Territories is paid directly to a designated officer in each State and Territory and the funds are disbursed by them in accordance with budgets and programs of work submitted by the State directors of extension and approved by the Secretary of Agriculture. Some offset by States and Territories is required by law before the funds become available, resulting in extension work being financed about 42 percent from Federal sources and about 58 percent from State and local sources. The funds are used by the States for carrying on extension work with rural people. Paid workers are being assisted by a network of voluntary neighborhood leaders who cooperate in carrying out extension programs.

The use of these funds is indicated in greater detail in the following tables. Table 1 indicates the sources of funds allotted for cooperative extension work in the States, Alaska, Hawaii, and Puerto Rico for 1951 including allotments for Farm Housing and Research and Marketing. Table 2 shows estimated direct payments to the States and Territories for 1952 indicating those which require offset by State, county or local funds, those where such offset is not required, and the basis of allotment. Table 3 indicates the various classes of field agents employed with extension funds.

U. S. DEPARTMENT OF AGRICULTURE
EXTENSION SERVICE
SOURCES OF FUNDS ALLOTTED FOR COOPERATIVE EXTENSION WORK IN STATES, ALASKA, HAWAII, AND PUERTO RICO
FOR THE FISCAL YEAR ENDING JUNE 30, 1951

STATES	GRAND TOTAL	TOTAL FEDERAL FUNDS	TOTAL WITHIN THE STATES	FUNDS FROM FEDERAL SOURCES										FUNDS FROM WITHIN THE STATES		
				SMITH-LEVER	BANKHEAD-JONES SECTION 21 TITLE II	BANKHEAD-JONES SECTION 23 TITLE II	CAPPER-KETCHAM	ADDITIONAL COOPERATIVE	CLARKE-MCNARY	NORRIS-DOXEY	FARM SOUSING TITLE V SOUSING ACT OF 1949 *	RESEARCH AND MARKETING ACT TITLE II SEC. 204(b)**	STATE AND COLLEGE	COUNTY	FARMERS ORGANIZATIONS ETC.	
Alabama	\$ 2,431,789.77	\$ 1,230,457.10	\$ 1,201,332.67	\$ 151,596.66	\$ 502,475.28	\$ 514,435.98	\$ 37,220.03	\$ 3,724.15	\$ -	\$ 1,620.00	\$ 640.00	\$ 18,745.00	\$ 691,332.67	\$ 510,000.00	\$ -	
Arizona	396,653.07	186,720.07	209,933.00	33,296.96	61,113.21	68,836.68	22,833.22	-	-	-	640.00	-	174,659.00	35,274.00	-	
Arkansas	1,707,360.48	1,012,063.48	695,297.00	118,683.61	419,860.17	426,348.18	33,217.36	6,949.16	-	1,620.00	640.00	4,745.00	470,000.00	225,297.00	-	
California	3,259,531.00	710,962.92	2,548,568.08	153,609.36	260,837.46	256,791.30	37,464.80	-	1,620.00	-	640.00	-	1,672,437.08	866,131.00	10,000.00	
Colorado	885,754.31	362,514.96	523,239.35	48,141.19	110,836.10	141,853.37	24,638.47	27,395.83	1,260.00	-	640.00	7,750.00	230,363.00	291,710.85	1,165.50	
Connecticut	527,840.02	180,855.02	346,985.00	49,469.04	57,650.95	40,145.07	24,799.96	-	1,620.00	-	640.00	6,530.00	262,145.00	66,000.00	18,840.00	
Delaware	167,622.50	103,547.50	64,075.00	19,101.13	36,515.26	18,459.29	21,106.82	-	-	-	640.00	7,725.00	58,200.00	5,000.00	875.00	
Florida	1,274,376.11	353,738.72	920,637.39	70,994.31	129,651.51	121,915.18	27,417.72	-	1,620.00	-	640.00	1,500.00	557,241.39	363,396.00	-	
Georgia	2,208,059.73	1,269,867.73	938,192.00	156,817.49	511,293.31	523,838.15	37,854.95	26,432.70	1,620.00	1,620.00	640.00	9,751.13	435,000.00	496,892.00	6,300.00	
Idaho	722,604.10	277,302.10	445,302.00	34,936.02	92,773.63	119,594.39	23,032.55	3,445.51	1,620.00	1,620.00	640.00	-	303,782.00	141,520.00	-	
Illinois	2,626,082.87	964,117.00	1,661,965.87	159,515.89	371,653.23	374,947.87	38,183.11	10,736.90	1,620.00	-	640.00	5,200.00	633,018.00	10,000.00	1,018,947.87	
Indiana	2,059,463.02	799,462.02	1,260,001.00	120,302.76	313,278.64	312,706.35	33,414.27	-	1,620.00	-	640.00	17,500.00	701,925.00	558,076.00	-	
Iowa	2,446,525.13	905,506.13	1,541,019.00	114,139.96	354,375.33	356,525.41	32,664.80	28,020.63	1,620.00	1,620.00	640.00	15,900.00	736,000.00	343,019.00	462,000.00	
Kansas	2,474,286.43	649,011.40	1,825,275.03	84,993.69	238,032.79	232,475.97	29,120.22	50,228.73	-	1,620.00	640.00	11,900.00	340,268.00	1,222,599.03	262,408.00	
Kentucky	1,860,976.76	1,155,636.76	705,340.00	152,977.52	473,004.01	483,012.44	37,387.96	-	1,620.00	-	640.00	6,904.83	430,340.00	275,000.00	-	
Louisiana	2,014,356.56	806,703.77	1,207,652.79	109,083.79	326,764.51	327,085.57	32,049.90	-	1,620.00	-	640.00	9,460.00	1,026,628.89	176,991.90	4,032.00	
Maine	424,187.38	235,800.31	188,387.07	46,109.22	83,322.64	72,517.33	24,391.36	2,216.53	1,620.00	-	640.00	4,983.23	144,387.07	54,000.00	-	
Maryland	1,079,447.37	317,681.12	761,766.25	63,063.69	108,235.27	94,080.25	26,453.25	-	-	1,620.00	640.00	23,588.66	569,362.25	192,404.00	-	
Massachusetts	980,952.81	208,621.82	772,330.99	42,748.46	72,883.76	56,386.95	23,982.65	-	1,620.00	-	640.00	10,360.00	282,162.43	490,168.56	-	
Michigan	2,076,065.42	871,242.22	1,204,823.20	139,007.00	332,829.40	333,552.22	35,688.96	-	1,620.00	1,620.00	640.00	26,284.64	838,799.20	366,024.00	-	
Minnesota	1,653,422.97	855,181.20	798,241.77	110,427.47	348,555.43	350,319.99	32,213.31	-	1,620.00	1,620.00	640.00	9,785.00	315,528.31	447,747.46	34,966.00	
Mississippi	2,317,190.95	1,262,059.95	1,055,131.00	135,402.66	524,051.38	537,441.35	35,250.62	-	1,620.00	1,620.00	640.00	26,033.94	518,987.00	486,234.00	49,910.00	
Missouri	1,954,241.47	1,036,590.33	917,651.14	140,634.88	424,282.66	431,063.63	35,886.93	1,686.98	-	1,620.00	640.00	775.25	386,400.00	342,586.00	182,665.14	
Montana	825,067.11	288,544.11	536,523.00	34,918.54	83,243.96	107,433.45	23,030.42	32,217.74	1,260.00	-	640.00	5,800.00	254,016.00	278,532.00	3,975.00	
Nebraska	1,149,032.61	552,644.51	596,388.10	67,417.76	198,975.81	200,831.74	26,982.76	49,781.81	1,620.00	-	640.00	6,394.63	316,388.10	280,000.00	-	
Nevada	255,590.92	117,947.43	137,643.49	14,795.47	25,698.11	43,075.58	20,583.19	11,955.08	-	1,200.00	640.00	-	81,008.49	56,635.00	-	
New Hampshire	378,618.89	130,223.73	248,395.16	24,918.64	45,320.00	28,997.28	21,814.30	1,134.54	1,620.00	-	640.00	5,778.97	143,106.74	105,288.42	-	
New Jersey	906,316.79	228,084.45	678,232.34	64,818.34	71,390.79	54,795.08	26,666.64	8,153.60	1,620.00	-	640.00	-	316,001.00	362,231.34	-	
New Mexico	777,938.62	275,722.01	502,216.61	35,455.41	84,068.40	111,312.49	23,095.71	-	-	-	640.00	21,150.00	381,216.61	115,000.00	6,000.00	
New York	3,870,620.66	794,900.66	3,075,720.00	175,677.81	282,400.98	279,783.26	40,148.61	-	1,620.00	1,620.00	640.00	13,010.00	1,398,354.00	1,455,766.00	221,600.00	
North Carolina	3,766,021.82	1,493,075.82	2,272,946.00	196,032.50	616,134.72	635,624.59	42,624.01	-	1,620.00	-	640.00	400.00	1,415,546.00	857,400.00	-	
North Dakota	833,462.20	421,464.64	411,997.56	46,527.70	137,807.12	162,611.04	24,442.25	38,705.53	1,620.00	-	640.00	9,111.00	132,707.56	274,290.00	5,000.00	
Ohio	1,901,923.07	1,048,652.78	853,270.29	174,344.00	411,078.06	416,984.32	39,986.40	-	1,620.00	-	640.00	4,000.00	415,194.00	430,876.29	7,200.00	
Oklahoma	1,872,268.84	938,173.84	934,095.00	114,335.77	354,232.35	356,372.97	32,688.61	51,344.98	-	1,620.00	640.00	26,939.16	720,895.00	213,200.00	-	
Oregon	1,529,167.04	337,335.50	1,191,831.54	49,965.31	112,951.25	137,108.63	24,860.31	-	1,620.00	-	640.00	10,190.00	862,450.90	329,380.64	-	
Pennsylvania	2,012,715.37	1,004,102.57	1,008,612.80	247,302.93	348,623.69	350,392.77	48,859.18	-	1,620.00	-	640.00	6,664.00	748,612.80	260,000.00	-	
Rhode Island	151,325.61	69,836.61	81,489.00	14,294.63	26,217.56	6,629.43	20,522.28	-	-	-	640.00	1,532.71	62,650.00	15,175.00	3,664.00	
South Carolina	1,557,084.77	860,634.14	696,450.63	112,682.90	349,274.61	351,086.81	32,487.60	2,352.22	1,620.00	1,620.00	640.00	8,870.00	602,250.00	85,000.63	9,200.00	
South Dakota	853,966.60	416,601.22	437,365.38	44,727.29	130,397.99	150,711.11	24,223.30	59,839.87	-	1,620.00	640.00	4,441.66	265,600.00	165,415.38	6,350.00	
Tennessee	2,040,340.31	1,159,833.3.														

* - Preliminary distribution
** - Excludes Regional Contract Section 205

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Table 2. -- Statement of direct payments to States, Hawaii, Alaska, and Puerto Rico, indicating those requiring offset by States and Territories, those not requiring such offset, and basis of distributions, as estimated for 1952.

Item	Total estimate, 1952	Amount to be paid without offset	Amount requiring offset and basis of allotment	Basis of Allotment
1. Permanent annual appropriation (Smith-Lever Act)...	\$4,704,710:	a/ \$500,000:	\$4,204,710:	Rural population
2. Capper-Ketcham Act.....	1,480,000:	b/ 980,000:	500,000:	Rural population
3. Bankhead-Jones Act, Section 21, Title II.....	12,000,000:	c/ 12,000,000:	- -	Farm population
4. Bankhead-Jones Act, Section 23, Title II of the Act approved June 29, 1935, as amended by the Act of June 6, 1945....	12,250,000:	- -	12,250,000:	Farm population except \$500,000 to be allotted by Secretary of Agriculture on basis of special needs
5. Additional extension work....	555,000:	555,000:	- -	Specified by law
6. Alaska: Act of February 23, 1929 (Extension of Smith-Lever Act to Alaska).....	13,950:	d/ 10,000:	3,950:	Rural population
Act of October 27, 1949 (Public Law 417).....	42,150:			
(Extension of Capper-Ketcham Act to Alaska)...	e/	20,000:	480:	Rural population
(Extension of Bankhead-Jones Act, Title II Section 21 to Alaska).....	f/	20,808:	- -	Farm population

(Continued on next page)

Item	Total estimate, 1952	Amount to be paid without offset	Amount requiring offset and basis of allotment	Basis of Allotment
(Extension of Bankhead-Jones Act, Title II Section 23, to Alaska).....	- -	- -	862	Farm population
7. Puerto Rico: Act of August 28, 1937 (Extension of Bankhead-Jones Act, section 21 to Puerto Rico)..	\$408,000:	\$408,000:	- -	Specified by law
Act of March 4, 1931, section 3 (Extension of Capper-Ketcham Act to Puerto Rico).....	31,348:g/	20,000:	11,348:	Rural population
Act of October 26, 1949 (Public Law 406) (Extension of Bankhead-Jones Act, section 23, Title II to Puerto Rico)....	101,090:	- -	101,090:	Farm population
8. Housing Act of 1949, Title V, Section 506a (Public Law 171)..	33,050:	33,050:	- -	Discretion of Secretary
Total, direct Federal payments..	31,619,298:	14,546,858:	17,072,440:	

a/ \$10,000 to each State, Hawaii, and Puerto Rico

b/ \$20,000 to each State and Hawaii

c/ \$20,000 to each State, Hawaii (balance on farm population basis)

d/ \$10,000 to Alaska (Act of February 23, 1929) (balance on rural
population)

e/ \$20,000 to Alaska (balance on rural population)

f/ \$20,000 to Alaska (balance on farm population)

g/ \$20,000 to Puerto Rico (balance on rural population)

Table 3. -- Extension field agents employed June 30, 1947, 1948, 1949, and 1950

	: June 30,	: June 30,	: June 30,	: June 30,
	: 1947	: 1948	: 1949	: 1950
State supervisors.....	729	747	767	764
Subject-matter specialists:				
Full-time specialists.....	1,420	1,456	1,507	1,649
Part-time specialists.....	407	420	426	459
Total specialists.....	1,827	1,876	1,933	2,108
Total with headquarters at colleges.....	2,556	2,623	2,700	2,872
County workers:				
Agricultural agents.....	4,407	4,492	4,687	4,866
Home demonstration agents..	2,808	2,949	3,064	3,178
Boys' and girls' club agents.....	553	650	627	731
Negro extension agents....	733	726	732	773
Total county workers.....	8,501	8,817	9,110	9,548
TOTAL.....	11,057	11,440	11,810	12,420

Number of agricultural counties in the
States, Hawaii, and Puerto Rico.....3,107
Number of agricultural counties now
having one or more agents.....3,035

STATUS OF PROGRAM

1. General - The function of the Cooperative Extension Service is education outside of the classroom in agriculture and home economics. In this effort State extension services of the land grant colleges cooperate with the Federal Extension Service in drafting plans of work under which local adaptations are made at the county level. The broad objective is to improve the economic welfare, nutrition and health, family and community life of rural people and to help them solve the many inter-related problems which affect their lives.

Federal, State and county governments share in the cost of maintaining the cooperative extension service. The biggest increase in extension funds in recent years has come from State and local sources reflecting the strong local support for cooperative extension work and more than two-thirds of these funds continue to be spent in the counties in line with the localized nature of extension work to help meet local problems.

Extension's staff of 12,400 technically trained workers include 117 Directors and Assistant Directors; 5,245 county agricultural agents working with farmers and boys and supervising extension work within their respective counties; 3,586 home demonstration agents working with homemakers and girls; 645 State supervisors; 699 4-H Club agents working exclusively with rural young people; 2,108 subject-matter specialists. These 12,400 extension workers throughout the nation devoted their best efforts during the year to teaching nearly 7,000,000 families how to make the best of their resources and achieve a better living. By teaching men, women, and children how to use the findings of research, Extension helped them do a better job in all kinds of farm, home, and community activities. As a result they raised bigger yields of crops, produced more milk, meat and eggs per animal or bird and their production was of higher quality. These accomplishments helped to make the Nation stronger and more resourceful, better equipped to meet its serious responsibilities in domestic and world affairs.

During last year approximately $8\frac{1}{2}$ million people came to the Extension agent's office for information and advice. There were 122,594 educational radio talks, 19,548,482 bulletins distributed, 881,450 news articles written, 7,994,462 telephone calls, and 3,625,367 farm and home visits. County extension agents and volunteer extension leaders held $2\frac{1}{4}$ million meetings with a record total attendance of over 70,000,000 people.

2. Average Workload of Home Demonstration Agent Home demonstration work is an important part of the national system of cooperative extension work. Every phase of family living concerns the home demonstration agents, and their programs are planned to meet the many needs and interests of homemakers. Timely information is furnished to rural families and urban families as well,

demonstrating improved methods in housekeeping and homemaking, guiding groups of women and girls in carrying out programs that focus directly into the home. In 1949 the average county home demonstration agent:

Worked with 17 adult home demonstration groups with 406 members

Worked with 312 girls in 4-H Club work

Made 267 farm or home visits, to 158 different farms or homes

Conferred with 521 office visitors, and answered 641 telephone calls

Prepared 95 news articles and stories for press

Broadcast or prepared for broadcasting 12 radio programs

Distributed 2,876 bulletins

Conducted 21 volunteer leader-training meetings attended by 258 adults and 146 4-H Club leaders

Conducted 147 method-demonstration meetings with a total attendance of 2,732 adults, older youth, and 4-H Club members

Participated in 67 other extension meetings, with a total attendance of 3,961 adults, older youth, and 4-H Club members

3. 4-H Club Work: The past year was the greatest in the history of extension work with boys and girls. During the year 662,399 boys and girls enrolled for the first time - a record high. The present enrollment of 1,886,214 club members is an all time record, and averages 217 4-H Club members per extension agent. This makes a total of 14 million persons, most of them now adults, who have participated in 4-H Club work and benefited from it. Not only do boys and girls now stay longer in club work but they are completing a larger percentage of the projects started. A summary of 4-H Club work includes the following accomplishments for 1949:

Number of units involved

Gardening	99,852 acres
Poultry	8,704,670 birds
Livestock	976,295 animals
Food selection and preparation	19,195,896 meals
Food preservation	10,508,920 quarts
Clothing made and remodeled	2,160,710 garments

4. Work With Nonfarm People: Extension's work with nonfarm people has been on an upward swing for many years. This work was increased during the year, especially in the fields of consumer education, and other matters affecting the home. In addition to the more than 4,670,000 farm families that were helped to adopt improved practices during the year there were 2,138,000 nonfarm families assisted in the same way.

5. Farm Programs and Public Policy: While educational work on public policy problems and their relationships to agriculture has been a part of extension work for many years, such problems have become numerous, and more complicated in recent years. In addition to policy matters of prices and income, educational work has been done on rural health, extension of social security to farm people, foreign trade and international relations, and various proposals for developing the use of land and water resources. Public policy problems are a challenging field of educational work, and farm people are turning to the Extension Service for leadership in getting the facts on which to base their own decisions intelligently.
6. Changing Living Patterns: Important changes in the living and buying patterns of farm people have increased the demand for assistance with problems of purchasing. With farm people spending more of their incomes for better living, an increased number of families are being helped with such problems as selecting household furnishings and equipment, buying clothes, and improving kitchens.
In 1949:
 - 326,479 families assisted with the buying of foods
 - 327,871 families assisted with the buying of clothing
 - 313,185 families assisted with the buying of house furnishings and equipment
 - 606,979 families assisted in using timely economic information to make buying decisions or other adjustments in family living.
7. Conservation Livestock Farming: Reports from county agents show a much larger percentage of time being spent on grassland and livestock conservation farming practices. Pastures, for example, are basic in livestock-conservation economy, and the agents are concentrating a great deal more time with farmers on pasture fertilization, selecting improved pasture grasses, and in controlling pasture weeds. Grassland provides good, inexpensive feed for livestock. It enables the stock to do much of their own harvesting and helps keep the soil fertile. And by promoting the raising of livestock, grassland farming helps to provide nutritious meat, milk and eggs for city and country people alike.
8. Balanced Farming Increases Farm Income: By practical application of farm management principles and good production practices, farmers in every State have improved their farming operations, enlarged their business and increased their annual return. In Missouri and North Carolina, for example, groups of about 50 farmers in a county cooperate to finance an educational program for careful development of farm plans and putting plans into operation. During the past year, over one million farmers were assisted in development of farm plans, instruction on keeping farm records for credit purposes and tax reports, discussion of public policy problems, application of outlook information, study of landlord-tenant relations, and introduction of work simplification. Extension workers, local leaders, and committeemen conducted this work in more than 30,000 communities.

9. Marketing Farm Products: During the past year State extension specialists devoted about 8,000 days assisting county agents and local leaders in developing and carrying on educational programs dealing with the handling, storage, processing, transportation, and distribution of farm products. County agents spent 86,000 days doing marketing educational and demonstrational work with 2 million farmers, 14,000 private marketing agencies, and 12,000 cooperatives. A large amount of educational work was done also with consumers on the purchase and utilization of farm products. This work involves carrying to farmers and others the results of the research and service activities conducted under Title II of the Research and Marketing Act. Major emphasis was placed on quality maintenance, proper grading and packaging, price differentials for quality, seasonal surpluses, and more efficient marketing practices. Comparative nutritive and money values, grade and quality differences, and the greater use of commodities in season and in abundant supply were emphasized with consumers.
10. Seven Steps to Success with Cotton: Extension workers continued to give educational stress to the Seven Point Cotton Program. The program is a good example of a rounded, integrated approach to solving farm problems. The seven steps are: (1) Fit cotton into balanced farming; (2) take care of your soil; (3) get together on the best variety; (4) make your labor count; (5) control insects and diseases; (6) pick and gin for high grade; (7) sell for grade, staple, and variety value. The one-variety cotton program has been primarily responsible for the introduction of new and improved varieties which have made it possible, at the farm level, to increase yields significantly and improve the quality of the lint. The main objectives of this program are:
- a. To provide uniform cotton in large volume; that is, uniform from fiber properties standpoint.
 - b. To provide cotton with agronomic properties and performances, which fit the production situation without exceeding the limits established for uniformity of fiber properties.
 - c. To provide the structure for rapid introduction of significant gains in research (new and improved varieties, improved production practices, etc.) and to meet more quickly changing market demands.

In 1949 there were 2,422 associations in 546 counties in the United States in the one-variety cotton production program, with a membership of 425,973. More than 60 percent of the total production or 9,658,263 bales were produced under this program.

The Extension Cotton Grade Improvement work is conducted to increase the farmers' income through the adoption of improved harvesting, handling and ginning practices. Cotton reduced in grade because of rough preparation was 2.6 percent in 1949, the lowest on record, and compares with 3.1% in 1948 and 7.6% in 1946. When compared with

1946 this amounts to better ginning on about 1,000,000 bales with an increase in value of \$6,500,000. In 1949 more than 80% of the total cotton crop was processed on gins equipped with seed cotton driers which added one to five dollars per bale to the value of ginned lint. For the year these driers increased the value of the crop more than \$20,000,000.

11. Animal Husbandry: Progress in the field of animal husbandry and veterinary science has been characterized by increased calls for service. The availability of more and more results from research projects in livestock production, especially animal breeding and methods of measuring performance of meat animals, has enabled extension specialists to refine their program activities and be more certain of results than ever before.

Bull Grading in Utah - As a result of the beef bull grading program, started by the animal specialists in Utah five years ago, there has been an improvement of at least 20 percent in the quality of the bulls used on the ranges of the State. This improvement is reflected by the fact that feeder cattle sired by such bulls are now grading two official grades higher. It is estimated that 95 percent of the bulls used on the ranges of the State have been graded and approved during the past three years.

Swine Feeding in Alabama - By following a system of hog production based upon healthy stock of good type, the optimum use of legume pasture, protein and mineral supplement, plus the hogging down of corn, Alabama farmers have received \$1.00 per bushel more for their corn by feeding it than by selling it on the grain market. Nearly 15,000 farmers in the State followed this system in 1949.

Ewe Culling and Ram Selection in Wyoming - As an outgrowth of the ewe culling and ram selection demonstrations conducted by extension workers in Wyoming, it is conservatively estimated that a million head of sheep in that State are now producing on an average one to two more pounds of wool and three to five more pounds of wool and three to five more pounds of lamb annually. With wool at 45 cents per pound and lambs at 20 cents per pound, this is an increased return of \$1,475,000.

12. Combating Plant Diseases:

Plant Disease Warning Service - Earlier and better plant disease control is being accomplished because of advance notice. During the past three years the Bureau of Plant Industry, Soils, and Agricultural Engineering, in cooperation with the States, the Weather Bureau, and manufacturers of fungicides and equipment, has conducted a steadily improving program for forecasting the recurrences and spread of several crop diseases. The Extension pathologist acts as the clearing agency, sending and receiving reports of disease outbreaks to

and from the county agents and growers and the central headquarters in Beltsville, Maryland. Telegrams, radio, and circular messages speed up the timely service of aiding the farmer by informing him when diseases threaten and making suggestions of what to do.

Fruit Spray Services - These are conducted in most of the important eastern fruit-growing states. Growers are sent timely information on when to spray for best results. In Massachusetts, nine counties cooperated in this service. The extension plant pathologist sent out 28 spray messages, made 75 observation orchard visits, and 75 follow-up visits. In Pennsylvania, where 11,097 apple growers received the spray service, it was estimated that \$4,360,000 was added to the value of its apple crop by spraying for disease control.

13. Poultry Husbandry: Growth of commercial broiler production to 450,000,000 birds per year (over 1,000,000,000 pounds of poultry meat) necessitated attention to efficiency factors on this branch of the industry. Formerly it required 12 to 14 weeks to grow a three pound bird. Now due to improvement of strains and newly discovered crossbreeding work the same weight of chicken is grown in from 10 to 12 weeks. The improved chicken also has broader breasts, plumper drumsticks and a higher percentage of meat which has resulted in increased consumer satisfaction. Instructions in selection for meat-type, progeny testing, and cross breeding of poultry have been given in each state.
14. Farm Housing and Structures: Considerable progress has been made in farm housing work. Minimum standards were developed for low income farms. New farm house plans featuring economy in design, materials, construction, and maintenance have been developed. Farm people are taught the basic principles of good planning--selecting the site, layout of the farmstead, and planning the house to fit the family needs. Building plans are supplied as aids for building or remodeling. Educational materials are furnished on the house, storage, and other facilities, wiring, lighting, heating, insulation, water supply, and sewage disposal. Records indicate county extension workers aided farm people with the following housing problems last year: Dwellings constructed, 51,238; dwellings remodeled, 116,615; sewage system, 50,818; water systems, 56,408, and 30,000 with the installation of central heating.

The value of farm buildings exceeds 20 billion dollars. These buildings must be maintained. Obsolete structures must be modernized or replaced to shelter livestock, farm products, supplies and equipment. Records in 1949 show county agents helped 96,700 farmers with new buildings, 98,500 in remodeling, and 61,800 with building equipment.

15. Food and Nutrition: Good nutrition is one of the best health insurances we have. In order to build strong and sturdy bodies homemakers must be taught to serve their families tasty well balanced meals.. Dental decay, poor musculature and poor bone structure are some of the obvious results of malnutrition. Current nutrition studies still show diets deficient in green and yellow vegetables, citrus fruits, and milk. Studies also show that children and adults alike fail to eat breakfasts nutritious enough to provide food for a good day's work. Extension programs combine nutrition knowledge with good cooking and buying information. During 1949:

1,433,687 families assisted in improving food supply by making changes in home food production.
1,550,068 families assisted with food-preservation problems.
1,493,590 families assisted with food preparation.
1,458,082 families assisted in improving diets.
224,307 families assisted with child-feeding problems.
2,424 nutrition or health clinics organized through the efforts of extension workers.

16. Soil Management: Soil testing laboratories are playing an important part in determining plant food deficiencies. Reports show that a number of states are making this service available through soil testing laboratories established throughout the state. Examples of the more advanced programs in this field are: Missouri, Illinois, Kentucky, Ohio and Connecticut. Soil testing shows the farmers what soil treatment is needed and how much is needed per acre. Frequently it will point out the reason for low yields, or partial crop failures. In Illinois during 1949, 26,188 farms had a total of 1,342,000 acres tested, while in Missouri 19,614 farmers had a total of 45,000 tests made on their soil. Results of the tests are returned to the county agent who assists the farmer to interpret the results in terms of needed food depending on the crop to be grown.

17. Health Education: The expanding program of extension health education has given rural people a broader grasp of what is involved in getting better health; helped them to learn more about protection against disease; shown them how to organize to improve community health services; and given them hope that something can be done to raise rural health standards. Health planning is over-all agricultural planning is leading to the development of county and State rural health councils to study needs and improve educational programs.

18. Summary of Extension Influence: Estimated number of families influenced by various phases of extension work in 1949:

Families changing agricultural practices	4,881,675
Families changing home practices	3,231,487
Families with 4-H members enrolled	1,395,324
Families influenced by some phase of extension work	6,808,612

(b) Salaries and expenses

Appropriation Act, 1951.....	\$900,000
Reduction pursuant to Section 1214.....	-9,000
Activities transferred in the 1952 Estimates to "Salaries and expenses, Office of Information" for distribution of motion pictures.....	-2,500
Base for 1952.....	888,500
Budget Estimate, 1952.....	887,500
Decrease (to provide a direct appropriation to the General Services Administration for certain procurement and leasing costs previously paid from this appropriation....)	-1,000

PROJECT STATEMENT

Project	1950	1951 (estimated)	Decrease:	
			GSA Adjust.	1952 (estimated)
1. General administration and business service....	\$184,052	\$190,300	-\$125	\$190,175
2. Review and analysis of State budgets, projects, and plans, and examination of State expenditures from Federal payments.....	45,925	43,800	-25	43,775
3. Planning and coordination of State and county extension work.....	169,823	163,650	-25	163,625
4. Development of technical subject matter for use by State extension forces..	150,859	149,900	-775	149,125
5. Field studies of extension work, and the training of extension workers..	96,810	97,900	-25	97,875
6. Preparation and distribution of visual material and extension literature to Department and State extension forces.....	163,924	152,350	-	152,350
7. Program development and coordination of extension agricultural economics..	82,854	90,600	-25	90,575
Unobligated balance.....	23,714	-	-	-
Total available.....	917,961	888,500	-1,000	887,500

(Continued on next page)

Project	1950	1951 (estimated)
Transfer in 1952 estimates to "Salaries and expenses, Office of Information"....	-\$4,029	+\$2,500
Transfer in 1951 estimates from "Salaries and expenses, farm housing, Department of Agriculture".....	- 20,290	
Reduction pursuant to Section 1214.....	-	+\$9,000
Total appropriation or estimate.....	901,700	900,000

STATUS OF PROGRAM

1. General - The Federal Extension Service administers through the State Agricultural Colleges, a nationwide system of cooperative extension work which functions nationally, State, and locally, as an effective educational force in agriculture and home economics, to improve the economic welfare, nutrition and health, family and community life of the rural family. Its responsibilities include keeping State extension services informed of developments in programs and policies, aiding the States in developing effective and timely educational programs, studying the results of such programs, developing improved extension teaching techniques and procedures, and helping to coordinate the educational activities of the several States as they relate to national or regional programs. Payments are made to the States and Territories in accordance with the various Acts of Congress. During fiscal year 1950 State budgets covering contemplated expenditures of approximately \$73,400,000 of Federal and State extension funds and 1,125 plans of work were reviewed. Vouchers were examined involving approximately \$50,000,000 of Federal and State offset funds, including payrolls and travel expenses, to determine if each expenditure was in accordance with the purpose of the appropriations approved by Congress and in line with approved work plans and projects.
2. Planning, Coordination and Leadership - Federal Extension leaders assist State and county extension workers in organizing programs of work based on the most important problems in agriculture and country life as these are found in the study and analysis of State, county and local situations, and the recommendations of the State colleges of agriculture and the United States Department of Agriculture. They interpret national programs in agriculture and home economics and develop understanding and support of these. Leadership, counsel, management and training are given through national and regional workshops and conferences on the various lines of work such as administration, county agent work, home demonstration work and 4-H Club work. Accomplishments include the organization and management of National, regional and State 4-H Club camps. The National 4-H Club Congress was devoted to bringing to the people the accomplishments of 4-H Club members from every State and developing nationwide public understanding of the aims and methods of 4-H Clubs. Home Demonstration Week which has been organized and developed now is a national annual activity. This is a fine public relations activity carried on by States and county home demonstration workers and the 443,170 local volunteer women leaders.
3. Technical Subject Matter in Agriculture is planned and coordinated by a staff of agricultural subject matter specialists assigned to projects and activities in agronomy, agricultural engineering, cotton ginning, entomology, forestry, horticulture, plant pathology, soil conservation, animal, poultry and dairy husbandry.

These Federal specialists made the best findings of Federal research and farming experience in any State available throughout the country wherever they are applicable. The work includes:

Agricultural production for national requirements, for balanced farming operations, for production efficiency through science, labor, power, and equipment.

Agricultural conservation including food and feed conservation, soil conservation, water utilization and drainage, farm forestry, and wildlife conservation.

Farm and home improvement including housing and landscaping, farmstead improvement, rural electrification utilization and farm accident and fire prevention.

Agricultural 4-H Club subject matter, covering crops, gardening, entomology and bees, calves, pigs, poultry conservation, tree planting, tractor maintenance, electrification, and safety and fire prevention.

4. Technical Subject Matter in Home Economics is planned and coordinated by a staff of home economics subject matter specialists. The work of the specialist is conducted through regular extension organization channels, such as 4-H Clubs, home demonstration clubs, extension work with young men and women and farm and home demonstrations, and special interest groups. The home economics specialist staff coordinates homemaking programs within the U.S.D.A. and with other government educational departments, commercial concerns, manufacturers and others; assists 317 State specialists develop educational programs; studies and interprets research; explores and evaluates new subject matter resources and aids specialists to improve their programs and techniques. Major functions include:

Food and Nutrition, concerned with the health and well-being of people as related to food production, preservation, preparation and consumer education.

Home Management, the aim of which is to assist people in adjusting to changing income and cost of living, and other changing economic situations.

Clothing and Textiles to help families to be well groomed, clothing construction at home and selection, care and repair of adult and children's clothing.

Parent and Family Life Education covering physical, emotional personality growth and development of children and adults; human relationships with emphasis on family relationships.

Housing and House Furnishings to aid families with house planning and remodeling; choice and installation of utilities, work simplification, safety and choice, care and repair of furniture and furnishings.

5. Development of Programs in Agricultural Economics - A staff of extension economists are responsible for administrative and technical leadership in the development and coordination of educational programs in the field of general economics and outlook, farm management, marketing, farm credit, rural sociology, and rural health services. Responsibility for technical leadership requires working with State directors of extension and subject matter specialists on agricultural economic and rural life programs.

Functions included are:

1. Development of specific educational programs to meet new problems and situations.
 2. Appraisal and adjustment of existing programs.
 3. Adaptation and use of new research results.
 4. Preparation of subject-matter teaching materials applicable to State and regional programs.
 5. Training conferences and workshop programs on program development and operation.
 6. Exchange of experience and program results between States.
 7. Integration of State programs regionally where problems and conditions are similar in two or more States.
 8. Coordination of extension programs with action and research programs of other State and Federal agencies.
6. Field Studies and Training - Studies for the improvement of extension teaching as conducted in States and counties were conducted as follows:

Evaluation of extension methods through studying the effectiveness of programs, procedures, administration, supervision, methods of teaching, and evaluation of accomplishment.

Analysis of annual reports from the States and reporting to field staff and to the general public, annual progress and trends over a period of years.

Assisting the States with the development, planning and conduct of training programs and activities designed to meet more adequately the pre-service, induction, in-service and graduate study requirements for extension education.

Training in extension education, representatives of other countries who come to study and learn about the U. S. co-operative extension way of bridging the gap between scientific research and farm and home practice.

Several field studies have been completed. Significant progress was made during the year on the following long time comprehensive studies:

Nation-wide study of procedures followed in determining extension programs.

Western States study of ways and means of retaining for the second year a higher percentage of first year 4-H members.

Central States study of use of radio by extension workers.

Significant new studies initiated during the year include:

Fundamental characteristics which differentiate effective extension teachers and the extent to which such characteristics can be developed or strengthened through training.

Study of experimental television programs to evaluate potentialities of this new medium in teaching improved practices.

The functions of State extension subject-matter specialists.

In addition to the regional extension training centers already established at Cornell University, University of Wisconsin, University of Arkansas, and the Colorado State College, at which both program offerings and attendance have increased rapidly during the year, a fifth training center has been started at Prairie View, Texas, to meet the special requirements of Negro extension workers.

7. Extension Teaching Materials - The 12,000 cooperative extension employees were kept informed of Department research, policy and outlook information and the following supporting educational material furnished:

321,000 copies of official releases were selected and called to their special attention.

4,500,000 copies of Department publications.

22,300 copies of slide films for educational use.

545 recorded radio and television programs.

Maintaining these and other services required preparing and distributing 50,000 copies of mimeographed letters, including weekly policy news letters to all State Directors, 32 suggested news stories for State use, 270 educational drawings, 9,200 prints of pictures, 1,770 new pictures, 527 color slides, 9 new slidefilms and related work.

8. Mass Teaching Techniques - Efforts to help the 12,000 cooperative extension workers obtain better use of press, radio, television and mass visual methods in their educational work included:

- Personal advisory visits with workers in 38 States.
- Assistance with cooperative State extension publication, visual, radio and other information plans of work.
- Conducting special training schools for groups of extension workers in 10 States.
- Publishing 12 issues of a house organ, The Extension Service Review, largely exchanging good techniques.
- Reviewing State extension publications and visual aids, advising on readability, presentation and other elements of good production of local educational materials.

Relatively new work during the year included producing 41 television programs, holding a special TV training school for 30 Delaware extension workers and assisting extension workers in 22 States who are now using TV programs in their educational work. Greater emphasis was also put on public study and training for all extension workers. The emphasis has been on getting many small committees of extension workers over the country to study how they can better serve the public and get public understanding of their programs.

9. Interpreting Extension - Cooperative extension work was reported to the public through the publication of the annual report of cooperative extension work, supplying factual material and tips for news stories to newspapers, radio, and magazines; the preparation of approximately 25 news stories. Increased emphasis was necessary in providing materials that help explain educational methods to other countries. With about 60 countries sending people in recent years to study extension educational programs and with many extension workers accepting temporary advisory assignments in foreign countries; there was a heavy demand for pictures, publications, exhibits, etc. showing extension principles and methods.

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(c) Bankhead-Jones Act, Section 23, Title II (Act of June 29, 1935) as amended by the Act of June 6, 1945

Allotment, 1951.....	\$250,000
Budget estimate, 1952.....	250,000
Change.....	<u> </u>

PROJECT STATEMENT

Project	1950	1951 (estimated)	1952 (estimated)
Federal administration under Bankhead-Jones Act, section 23, title II.....	\$235,691	\$250,000	\$250,000
Unobligated balance.....	14,309	--	--
Total allotment.....	250,000	250,000	250,000

Under the Act approved June 6, 1945, 2% of the amount appropriated thereunder is designated for paying the expenses of the Federal Extension Service. The Budget estimates for fiscal year 1952 include an amount of \$12,500,000, of which the proportionate share for the Federal Extension Service is \$250,000, the same amount as is available for the fiscal year 1951.

The statement of recent and current activities as discussed under the appropriation "Administration and Coordination of Extension Work" also applies to the work under this allotment. In addition, the funds are being used to expand and improve 4-H Club work with rural boys and girls, and work with older out-of-school youth; to develop more effective programs in nutrition, food conservation, and homemaking; to promote more efficient marketing and distribution of farm products; and to organize effective activities in connection with problems of rural health.

(d) Cooperative Agricultural Extension Work
(Permanent Annual Smith-Lever Appropriation)

Permanent appropriation, 1951.....	\$4,704,710
Budget estimate, 1952.....	<u>4,704,710</u>
Change.....	<u> -- </u>

PROJECT STATEMENT

Project	: : 1950	: : 1951 : (estimated)	: : 1952 : (estimated)
Payments to States, Hawaii and	:	:	:
Puerto Rico for cooperative	:	:	:
agricultural extension work	:	:	:
(Smith-Lever Act).....	\$4,704,710	\$4,704,710	\$4,704,710

This permanent specific appropriation for cooperative agricultural extension work was provided for under the Smith-Lever Act, approved May 8, 1914 (7 U.S.C. 341-343, 344-348), as amended by the extension of this Act to the Territory of Hawaii by the Act of May 16, 1928 (7 U.S.C. 386-386b) and to Puerto Rico by the Act of March 4, 1931 (7 U.S.C. 386d-386f). Under the provisions of these Acts \$10,000 is appropriated annually to each State, Hawaii, and Puerto Rico without requirement of State or Territorial offset, and the remainder of the appropriation is distributed on the basis of rural population. The Smith-Lever Act is the basic act under which cooperative extension work is conducted by the Department and State colleges of agriculture. The general statement for cooperative extension work applies also to the work performed under this appropriation.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS, WORKING FUNDS, AND TRUST FUND

ITEM	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
<u>Research and Marketing Act of</u>			
<u>1946 (Title II), Department of</u>			
<u>Agriculture (Extension Service):</u>			
For marketing service			
activities	\$569,097	\$699,000	\$649,000
<u>State and Private Forestry Co-</u>			
<u>operation, Department of Agri-</u>			
<u>culture (Extension Service):</u>			
For cooperation with States			
for extension activities in			
developing farm forestry	105,628	106,343	106,343
<u>Administrative Expenses, Section</u>			
<u>392, Agricultural Adjustment</u>			
<u>Act of 1938 (Extension Service):</u>			
To provide technical assist-			
ance in connection with the			
agricultural conservation			
program in Alaska	950	1,000	1,000
<u>Working Fund, Agriculture (Exten-</u>			
<u>sion Service): Advanced from:</u>			
<u>Department of Defense, Depart-</u>			
<u>of the Navy:</u>			
To conduct studies in the			
field of training with			
special reference to in-			
vestigating the character-			
istics, methods, and			
effectiveness of instructors			
and training officers	5,303	22,697	- -
<u>Working Funds, Agriculture,</u>			
<u>General (Extension Service):</u>			
<u>Advanced from:</u>			
<u>Department of Defense, Depart-</u>			
<u>of the Army:</u>			
To provide technical assist-			
ance in connection with the			
training of German and			
Japanese nationals in the			
general field of agricul-			
ture	1,857	213	- -

Item	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
<u>Working Funds, Agriculture,</u>			
<u>General (Extension Service):</u>			
<u>Advanced from:(Cont'd)</u>			
To cover the cost of pro-			
viding data in connection			
with a comprehensive survey			
of the Arkansas, White, and			
Red River Basins	--	a/ 3,000	--
<u>Department of State:</u>			
To provide technical assist-			
ance in connection with the			
training of German leaders			
and a Korean in extension			
work	2,386	9,214	--
<u>Total, Working Funds,</u>			
General	4,243	12,427	--
<u>Miscellaneous Contributed Funds,</u>			
<u>Department of Agriculture,</u>			
<u>(Extension Service) (Trust</u>			
<u>Fund):</u>			
For contributions toward coop-			
erative work with Land-Grant			
colleges on appropriate in-			
service training activities			
through summer-session			
courses for extension workers:	2,372	3,000	3,000
<u>Expenses, Economic Cooperation</u>			
<u>Administration, Executive</u>			
<u>Office of the President(Agri-</u>			
<u>culture) (Extension Service)</u>			
To provide technical assist-			
ance in connection with the			
training of participating			
country delegations brought			
to the United States under			
Recovery Programs' Technical			
Assistance Provisions	18,229	41,646	--

a/ Allotment as of December 31, 1950

Item	: Obligations, 1950	: Estimated obligations, 1951	: Estimated obligations, 1952
<u>Expenses, Economic Cooperation</u>	:	:	:
Administration, Executive Office:	:	:	:
of the President (Agriculture)	:	:	:
(Extension Service): (Cont'd)	:	:	:
For expenses incident to the	:	:	:
foreign trainee program	: --	: 12,420	: --
Total, Expenses, Economic	:	:	:
Cooperation Administration..	: 18,229	: 54,066	: --
<u>Expenses, International Develop-</u>	:	:	:
<u>ment, Executive Office of the</u>	:	:	:
<u>President (Allotment to Agricul-</u>	:	:	:
<u>ture) (Extension Service):</u>	:	:	:
Trainee program in agriculture	:	:	:
and home economics extension	:	:	:
work	: 11,079	: a/ 5,100	: --
TOTAL, OBLIGATIONS UNDER ALLOT-	:	:	:
MENTS, WORKING FUNDS, AND TRUST	:	:	:
FUND	: 716,901	: 903,633	: 759,343

a/ Allotment as of December 31, 1950.

OFFICE OF THE SECRETARY

Purpose Statement

The Department of Agriculture was established as an executive department by the Act of May 15, 1862. The Secretary of Agriculture, assisted by the Under Secretary, the Assistant Secretary, and members of his immediate staff, directs the work of the Department, formulates and develops policy, integrates the several programs of the Department, maintains departmental relationships with agricultural organizations and others in the development of farm programs, coordinates Department programs in the several river basins, renders administrative decisions in regulatory proceedings pertinent to Department programs, and maintains close liaison with members of Congress on all matters pertaining to legislation and policy in order to insure adequate performance of the agriculture programs.

The following offices assist the Secretary and his immediate staff in the discharge of specific departmental functions:

THE OFFICE OF PERSONNEL was established April 7, 1925, as the Office of Personnel and Business Administration. On June 1, 1934, this Office was divided into three parts, one of which was given the title, "Office of Personnel".

The Office of Personnel serves as a staff agency of the Secretary having responsibility for the personnel management program of the Department. This program includes classification, job evaluation, salary and wage administration, recruitment, placement, retirement, separations, leave, employee relations, training, safety, organization, investigations and health. The Office has responsibility for the developing of personnel policy for the Department and the executing and interpreting of the intents and policies expressed in over 200 laws; various executive orders and the rules, regulations, policies and decisions of the several agencies of the Government in the field of personnel management. In carrying out these responsibilities, the Office delegates substantial authority to agencies within the Department for the operational phases of the appointment, classification and disciplinary activities. Policy and basic procedures developed by the Office are carried out through agency personnel offices. In addition to the continuous day to day contacts on specific problems, the Office conducts a systematic and periodic review to insure unification of the personnel management program and to measure its effectiveness and how well it serves the agencies' personnel management requirements.

THE OFFICE OF BUDGET AND FINANCE was established by order of the Secretary on June 1, 1934. It serves as a staff agency of the Secretary in carrying out departmental functions relating to over-all administration of the budgetary, procurement, and fiscal affairs of the Department. It has responsibility for providing leadership and coordination of these activities throughout the Department, including the acquisition and distribution of funds; accounting; auditing; budgetary and financial reporting; budget, fiscal, and procurement organization and management; purchasing, warehousing, utilization and disposal of administrative and operating

supplies and equipment; and related activities. It coordinates in the field the activities of Area Agricultural Equipment Committees to insure maximum effective utilization of administrative supplies and equipment owned and procured by the Department.

The Office also has responsibility for formulating and promulgating departmental policies and procedures relating to the above functions, including the review and evaluation of program and legislative proposals for budgetary, financial, and related implications, and, in cooperation with staff and program agencies, for obtaining improvements in the management and operation of work programs administered by the Department. The Office acts as Department liaison on all such matters with the Bureau of the Budget, General Services Administration, General Accounting Office, Treasury Department, and others. It also provides liaison with Congressional Committees on Appropriations and with the House Committee on Agriculture.

THE OFFICE OF PLANT AND OPERATIONS was established by Secretarial order March 1, 1939. The Office of Plant and Operations exercises general direction of the housing of the Department's activities, including technical services incident to the design and approval of construction projects related thereto, contractual authority as it pertains to the leasing of commercial space and all matters concerned with the disposition of surplus real property; exercises general responsibility for the planning and development of the records management programs of the Department; provides certain technical and engineering advisory services pertaining to the acquisition, utilization, and maintenance of automotive, heavy, scientific, and photographic and other reproduction equipment; exercises general coordination of automotive repair shop, equipment depot, and cartographic, photogrammetric and photographic laboratory activities in order to derive the most effective use of these facilities, and plans or reviews proposals for the establishment of such Departmental facilities; and technical operations in connection with mapping projects, including approval of aerial photographic survey projects, and all planimetric, topographic, cadastral, and mosaic mapping projects in excess of sixty square miles.

The Office also operates certain Departmental services in the District of Columbia, including telephone, telegraph, photographic, duplicating, addressing and mailing, central storage and distribution of supplies and forms, motor transport and service garage, and the Departmental post office.

The Office of Plant and Operations serves as Department liaison with other Government agencies on matters pertaining to its functions.

THE OFFICE OF HEARING EXAMINERS was established by the Secretary December 9, 1946, to carry out the provisions of the Administrative Procedure Act relating to the holding of hearings (5 U.S.C. 1006, 1010). The hearing examiners hold quasi-legislative hearings upon request of the administrative agencies of the Department and quasi-judicial hearings on disciplinary complaints filed by the Department against individuals and on petitions filed by private parties asking relief from some action of the Department or its agencies.

In general, the examiners make reports, recommend decisions, and perform such related duties as are required by the Administrative Procedure Act and statutory provisions, regulations, and rules of practice applicable to their work.

On November 30, 1950, employment in the staff offices comprising the Office of the Secretary consisted of 546 employees, 532 of whom were in Washington and 14 in the field.

	Estimated, <u>1951</u>	Budget estimate, <u>1952</u>
Direct appropriation	\$2,144,200	\$2,202,000

(a) Salaries and Expenses

Appropriation Act, 1951	\$2,161,300
Reduction pursuant to Section 1214	-24,600
Activities transferred in 1952 estimates from "Salaries and expenses, Office of Administrator, Agricultural Research Administration" for employee health services at the Agricultural Research Center	+7,500
Transfers from other appropriations (as shown in detail on next page)	109,280
Base for 1952	<u>2,253,480</u>
Budget Estimate, 1952:	
Direct appropriation	\$2,202,000
Transfers, 1952, from other appropriations (as shown in detail on next page).	<u>109,280</u>
Total available, 1952	<u>2,311,280</u>
Increase	<u>+57,800</u>

SUMMARY OF INCREASES AND DECREASES, 1952

For more effective liaison between the Department and the commissioners and secretaries of agriculture of the several States	+17,000
For representation on the New England-New York Inter-Agency Committee and to coordinate departmental participation in development of the agricultural phases of a resources development program for that area	+16,000
For more adequately staffing the Department's records administration program, the Secretary's records section, and the central departmental telephone switchboard	+18,000
For strengthening the work of the Office of Hearing Examiners	+10,750
Decrease due to providing a direct appropriation to the General Services Administration for certain procurement and leasing costs previously paid from this appropriation ...	-3,950

PROJECT STATEMENT

Project	1950	1951 (estimated)	Increase or decrease		1952 (estimated)
			GSA adjustment	Other	
1. General administration...	\$491,140	\$490,747	-\$3,628	+\$33,000 (1)	\$520,119
2. Personnel administration and service...	579,792	565,012	-122	- -	564,890
3. Budgetary and financial administration and service...	678,491	683,843	-84	- -	683,759
4. General operations.....	466,295	451,113	-116	+18,000 (2)	468,997

(Continued on next page)

Project	1950	1951 (estimated)	Increase or decrease		1952 (estimated)
			GSA adjustment	Other	
5. Office of hearing examiners.....	60,797	62,765	- -	+10,750 (3)	73,515
Unobligated balance.....	39,721	- -	- -	- -	- -
Total available:	2,316,236	2,253,480	-3,950	+61,750	2,311,280
Transferred from:					
"Administrative expenses, Commodity Credit Corporation, Department of Agriculture"....	-86,780	-84,280	- -	- -	-84,280
"Flood control, Department of Agriculture"....	-25,000	-25,000	- -	- -	-25,000
"Salaries and expenses, Agricultural Administration".....	-13,755	- -	- -	- -	- -
Transfer in 1952 estimates from:					
"Salaries and Expenses, Office of Administrator, Agriculture Research Administration"	-7,307	-7,500	- -	+7,500	- -
Transfer in 1951 estimates from:					
"Research and Marketing Act, 1946, Department of Agriculture".....	-8,094	- -	- -	- -	- -
Reduction pursuant to Section 1214.....	- -	+24,600	- -	-24,600	- -
Total appropriation or estimate.....	2,175,300	2,161,300	-3,950	+44,650	2,202,000

INCREASES

(1) General Administration - An increase of \$33,000 under Project 1, composed of:

(a) Increase of \$17,000 for liaison with the departments of agriculture of the several States.

Need for Increase: Farm leaders and groups, as well as State officials, have urged the Secretary to provide a focal area in the Department where State secretaries and commissioners of Agriculture may deal promptly and authoritatively with Department officials at a high level on problems arising from cooperative or contractual agricultural programs and interests which are mutual to State and Federal Departments of Agriculture. Although responsibility in the Department of Agriculture for such liaison between the States and the Department lies in the Office of the Secretary, the Secretary, obviously, can devote only a minor portion of his time to discussions with State agricultural officials, and there is no office or unit to devote special attention to development and improvement of cooperative relationships with the States.

The proposed increase would provide for an assistant to the Secretary, who would serve as liaison between the Department and the State commissioners, secretaries, and directors of agriculture, with authority to represent the Secretary in the Department's relations with the States in matters relating to agriculture. The increase would also provide for necessary secretarial assistance and miscellaneous expenses.

(b) Increase of \$16,000 for representation on the New England-New York Inter-Agency Committee.

Need for Increase: On October 9, 1950, the President requested this Department to participate with other Federal agencies in making a comprehensive survey of the resources of the New England-New York area. The President has also endorsed a proposal (S. 3707 - 81st Congress, 2nd Session) for multiple-agency preparation of a comprehensive integrated land and water resource development program for this area. This Department's responsibility for participation would be on substantially the same basis as in the Arkansas-White-Red River area.

It is necessary that the Secretary have a representative in the area to coordinate the work of the respective Department agencies and to represent the Department on an Inter-Agency Committee. The organization of the work through an Inter-Agency group would be similar to the organization in the Arkansas-White-Red River area .

The proposed increase would provide for the salary and expenses, including necessary secretarial assistance, of a representative of the Secretary of Agriculture in the area.

(2) General Operations - An increase of \$18,000 under Project 4, composed of:

(a) Increase of \$9,375 for more adequately staffing the Department's records administration program.

Need for Increase: In order to maintain a staff adequate to administer the departmental records management and disposition program, nine

technicians skilled in the field of records administration are required. The number of personnel on the rolls has fluctuated with the availability of funds. At present there are only six technicians to carry on the program in a staff capacity for the entire Department. Through collaboration with and assistance to agency officials and operating personnel, much has been accomplished in the program of uniform records practices. Some progress has also been made with respect to the retirement and disposition of inactive records, but continual education, instruction, and assistance are necessary. Because of the small staff, efforts thus far have been primarily directed toward agency problems in Washington. However, the guidance and leadership of records technicians is especially needed in the development and installation of improved practices in the field, where the major portion of the Department's records are located. The increase would provide for the salary and expenses, including necessary secretarial assistance, of a records management analyst.

(b) Increase of \$5,975 to strengthen the work of the Secretary's records section.

Need for Increase: One of the major criticisms of the Department's Administrative Regulations has been the lack of a comprehensive index of the material which they contain. Immeasurable time is consumed daily by officials and employees who use the Regulations, especially when an unfamiliar subject is concerned, in searching the index for the desired references. The present index was not adequate at the outset and, owing to lack of personnel who could be assigned to the task, has not been kept up-to-date. Amendments to the Regulations are promulgated almost daily and many hundreds of changes have not been recorded in the index. The problem, therefore, is to keep the index current, as well as to make it comprehensive and easily understood. It is proposed to employ a clerk, trained and skilled in indexing techniques and qualified to render much needed assistance in preparation of amendments and revisions to the Regulations.

The services of an additional clerk are also required in the correspondence unit of the Secretary's records section to assist in handling requests for files of previous correspondence and to expedite the recording and processing of letters and dockets requiring the attention or signatures of the Secretary of Agriculture, the Under Secretary, and the Assistant Secretary. At present, owing to the reduced staff in the Secretary's records section, this material, which includes letters to and from members of Congress, the White House, other branches of the Government, farm leaders and organizations, and private citizens of note and distinction, is not being handled with the celerity which its importance warrants.

(c) Increase of \$2,650 to more adequately staff the central telephone switchboard.

Need for increase: For some years the staff of the central Department telephone switchboard has been undermanned. Because of the spread of hours required in the maintenance of switchboard service on regular work days (8:30 a.m. to 6:30 p.m.) and the necessity of keeping the switchboard open on Saturdays and certain holidays during the year, it has been impossible to provide efficient service with the existing staff. Supervisors are now obliged to spend a large portion of their time on the switchboard instead of performing their duties as traffic supervisors.

A traffic analysis made early in the fiscal year 1950 by engineers of the Chesapeake and Potomac Telephone Company disclosed that under commercial standards of operation the following minimum staffing requirements were necessary in order to operate the Department's telephone switchboard efficiently:

- 1 Chief operator
- 1 Assistant chief operator
- 1 Supervisor
- 17 Board and information operators
- 20 Total force requirement

However, applying these standards to the total volume of traffic handled over the Department's switchboard throughout the fiscal year 1950, a staffing requirement of 21 employees was indicated. As present staff comprises only 19 employees, the services of one additional operator are urgently needed.

(3) Office of Hearing Examiners - An increase of \$10,750 under Project 5 to strengthen the staff of hearing examiners and to provide funds for additional travel in connection with the holding of hearings outside of Washington, D. C.

Need for Increase: The Office of Hearing Examiners holds hearings only in proceedings instituted by or against agencies in the Department. In accordance with the Administrative Procedure Act, hearings are, with few exceptions, held outside of Washington, D. C. Consequently, the number and place of hearings to be held is beyond the control of the office. The major part of the hearings have been in connection with marketing agreements and orders under the Agricultural Marketing Agreement Act of 1937. During the past year, 14 new marketing orders have been put into effect, making a total of 66 effective orders. It is expected that there will be a further increase in the fiscal years 1951 and 1952. As the number of orders in effect increases, the number of hearings to review such orders and the administration thereof increases.

A comparison of hearings in fiscal year 1950 with 1949 is shown in the following table:

<u>Laws Involved</u>	<u>1949</u>	<u>1950</u>
Agricultural Marketing Agreement Act	70	79
Commodity Exchange Act	4	5
Packers and Stockyards Act	5	11
Perishable Agricultural Commodities Act	2	2
Sugar Act	1	2
Warehouse Act	0	1
Total	<u>82</u>	<u>100</u>

Under Public Law 554-81st Congress, approved June 15, 1950, increased funds were made available to the Department for administration of the Perishable Agricultural Commodities Act. It is expected that this will increase the number of hearings required under that Act and that there will be an increase in hearings in connection with other acts under which hearings are held by this office. With the present number of hearing examiners it has not always been possible to provide hearings promptly when requested. Because the hearings are held in the field any increase in number of hearings means an increase in travel expense.

The increase is requested to provide another examiner in order that the hearings may be held promptly, and to provide for travel expense necessary in connection with such hearings.

WORK UNDER THIS APPROPRIATION

This appropriation provides funds for the salaries and general expenses of the immediate offices of the Secretary of Agriculture, Under Secretary, and Assistant Secretary, together with their respective staffs, as well as for the departmental offices of Personnel, Budget and Finance, Plant and Operations, and Hearing Examiners. Following are brief summaries of the work currently performed under each of the activities financed from this appropriation:

(1) General Administration.

This relates to the Immediate Office of the Secretary, including the Secretary, the Under Secretary, the Assistant Secretary, and other members of the Secretary's immediate staff. The Secretary, with the assistance of his staff, directs and integrates the work of the Department, formulates agricultural policies, and maintains relations with the President and his office, the Congress, other Federal Departments, State agencies, and farm organizations and other public groups.

The critical international situation requires the day-to-day attention of the Secretary and his immediate staff. The Secretary and his assistants serve on numerous committees, both inter-departmental and departmental, concerned with defense production and requirements, manpower, etc. Their efforts are devoted toward assuring that American agriculture makes its best contribution to defense and is in a position to meet military and civilian needs for food and other agricultural commodities. Decisions with respect to price support, production goals, and other programs must be made with defense requirements in mind. Close cooperation with military and civilian defense agencies is necessary.

All programs of the Department are being systematically reviewed to make sure that they are meeting the needs of American agriculture and, in particular, are such as to strengthen the family farm to the fullest extent possible.

The Secretary and his staff are concerned with legislative relationships, including planning program operations to carry out legislative policies established by the Congress, recommendations with respect to new legislation, reports on bills, testimony before Congressional Committees, requests for information and reports, etc.

The direction of the continuing operations of the Department requires regular review and coordination of its broad programs of research, use and protection of natural agricultural

resources, education and information on techniques of production and marketing, price support operations, credit, crop insurance, disease and insect eradication, and numerous service and regulatory activities.

The Immediate Office of the Secretary, working with and through the agencies of the Department, is responsible for the development of comprehensive, multi-purpose programs for land and water use and conservation throughout the country and especially in major river basins. The Department's activities in this connection are coordinated with similar planning work in other Departments and State agencies. There is consultation with private groups whose participation is necessary for proper integration of over-all basin plans. The Secretary's Office provides Departmental leadership in the execution of preliminary examinations, surveys, and operations for flood control, and is responsible for formulation of policies, plans, schedules, and budgets. It coordinates preparation of reports, reviews reports and collaborates with other Departments in harmonizing flood control programs with broad land and water program objectives.

The Secretary and his staff take active part in the work of the Food and Agriculture Organization and other international organizations whose programs affect agriculture. The Department of Agriculture has important responsibilities with respect to the administration of occupied areas and the work of the Economic Cooperation Administration. In Mexico, progress is being made in eliminating foot-and-mouth disease; however, the program may be expected to continue to require close supervision by the Office of the Secretary throughout the fiscal year 1952.

The Secretary is giving careful attention to the implementation of his responsibilities for good management of the Department. This involves seeing that programs are geared to the present needs of the country, are fitted together to form an integrated whole, and are carried out with the greatest possible effectiveness, efficiency, and economy. A Management Policy Committee has been appointed to assist the Secretary in this respect.

(2) Personnel Administration and Service.

Current Functions and Responsibilities: The Office of Personnel, under the supervision of the Director of Personnel, functions as a staff office of the Secretary for the general direction, coordination, and administration of the Personnel Management Program of the Department, including:

1. Policies and Procedures: Personnel policies and procedures are designed to aid program officials in making the most effective use of all employees in the Department. This involves:

- (a) Carrying out the expressed personnel policies of Congress, the President, Budget Bureau, Civil Service Commission, Employee Compensation Bureau, and other Federal agencies.
- (b) Delegation of authority to agencies to enable completion of personnel actions with a minimum of review and maximum economy in operations.
- (c) Issuance of written instructions to agencies concerning regulatory and administrative policy and procedures.
- (d) Development and administration of standards and uniform practices for all phases of personnel management.

2. Classification, Salary Administration, and Classification Specifications:

- (a) Supervises allocation of all positions in the Department; and determines methods of compensation for positions outside the Classification Act of 1949.
- (b) Develops policies with respect to hours of duty for employees.
- (c) Interprets appropriate laws, Civil Service Commission rules and Comptroller General decisions and develops policies and regulations on compensation, including within-grade increases, for the guidance of agencies of the Department.
- (d) Develops classification specifications for positions peculiar to the Department, and cooperates with the Civil Service Commission in drafting specifications for positions on a service-wide basis.

3. Employee Relations and Welfare:

- (a) Examines employee grievance appeals and recommends solutions.
- (b) Administers Department's performance rating appeals procedure.
- (c) Advises officials and employees on employee adjustment.
- (d) Serves as liaison with organized groups, such as labor unions, welfare associations, veteran's organizations, community, and similar groups.

4. Performance Standards:

- (a) Develops Department instructions and coordinates administration of the performance rating plan throughout the Department.
- (b) Develops Department policy and methods of preparing and using performance requirements.
- (c) Gives staff assistance to agencies and coordinates the preparation and use of performance requirements throughout the Department.

5. Safety:

- (a) Conducts analyses of causes of serious and fatal accidents and recommends preventative measures.
- (b) Recommends safety equipment for use in the Department.
- (c) Maintains a system of accident record reporting.
- (d) Conducts safety, sanitary, fire and equipment inspections.

6. Training:

- (a) Establishes training policies and standards as guides for agencies of the Department and makes reviews of training done and efficiency of methods and techniques.
- (b) Advises with the agencies and demonstrates the use of effective methods and techniques of training clerical, administrative and supervisory employees.
- (c) Develops methods and encourages better use of group meetings and other means of improving staff and line work.
- (d) Through committees and other means provides for needed collaboration between the colleges and agencies of the Department to improve pre-service and post entry education of employees.
- (e) Advises and cooperates with agencies in improving technical and scientific work through training.
- (f) Advises with agencies and conducts orientation training to see that effective methods are used to insure that each employee knows his job and how to do it.
- (g) Advises in initiating, revising, and reorganizing agency training programs to increase job efficiency.

7. Employment, Recruitment, Placement, Examination, Separation, and Retirement:

- (a) Supervises the recruitment, placement, transfer, promotion, leave, retirement, and separation phases of the personnel management program.
- (b) Develops qualification and examination standards for positions.
- (c) Conducts systematic reviews of delegated employment authority for compliance with legal, policy and regulatory requirements.
- (d) Coordinates the compilation of Departmental personnel statistics.

8. Organization and Personnel Management:

- (a) Develops improved personnel procedures and organization patterns, reviews organization changes, surveys, and investigates Department's organization to improve structure, lines of authority and responsibility, flow of work and work-load distribution to promote more effective use of personnel.
- (b) Initiates the preparation of policy, regulatory and administrative personnel instructions and maintains control records on delegated authorities.
- (c) Administers the Department's Honor Awards Program and the Cash Awards Program.
- (d) Directs the review and appraisal of agency personnel program activities, develops standards of personnel office performance, and studies and prepares Departmental reports on pending legislation having personnel implications.
- (e) Participates in the development and execution of operating plans for the Department's Management Program and develops materials to encourage and maintain employee interest in management improvements. Arranges for the investigation of employee suggestions which require action at the departmental or higher level.

9. Investigations:

- (a) Investigates alleged violations of laws applicable to the Department or violations of Department regulations.

- (b) Investigates alleged mismanagement and misconduct of personnel within the Department and its instrumentalities.
- (c) Establishes standards to be followed by agencies of the Department in conducting disciplinary investigations and in determining the action to be taken as a result thereof.
- (d) Makes record checks and inquiries in security clearance cases, including requests for special passports, attendance at international conferences, access to classified material and membership on inter-departmental committees dealing with matters important to the national security.

10. Employee Health:

- (a) Supervises the health service facilities of the Department.
- (b) Provides treatment of on-the-job illnesses requiring emergency attention.
- (c) Assists in the conduct of employee health education.
- (d) Advises with employees on health matters and instructs employees injured in line of duty regarding compensation rights, report requirements and procedures.
- (e) Conducts health examinations as necessary.

The work of the Office is performed through seven functional divisions. Each division is responsible to the Director for the efficient carrying out of the functions and responsibilities in its particular field of work.

Examples of recent developments:

Personnel policies and procedures were adjusted to meet the requirements of new laws, executive orders, rules and regulations of the Civil Service Commission, Bureau of the Budget Circulars and other regulatory directives, as well as Comptroller General Decisions. The following are some examples involving special significance in their personnel phases with which the Office has had to be concerned recently:

1. Public Law 535, 81st Congress: Provides for employment for duty outside U. S. to assist in economic development of foreign countries, employees to be paid under rates of Foreign Service Act of 1946; authorizes detail of employees to foreign governments or agencies; provides for employment of experts and consultants in accordance with Section 15 of Act of August 2, 1946, at \$75.00 per diem.

2. Public Law 547, 81st Congress: Revises order of precedence in the Retirement Act for lump-sum payments in case of death; provides for designation of beneficiary if order of precedence not satisfactory to employee; provides for nullification of designations of beneficiary received in Commission prior to September 1, 1950.
3. Public Law 732, 81st Congress: Amends Act of August 2, 1939, and provides for penalties other than removal from office, but not less than 90 days suspension; authorizes review and revocation of removals made prior to amendment.
4. Public Law 734, 81st Congress: Amends Social Security Act; brings under its provisions certain employees of the Department and its instrumentalities.
5. Public Law 774, 81st Congress: Defense Production Act of 1950. Authorizes President to delegate any powers conferred by Act; authorizes temporary employment in grades 16, 17, and 18; permits employment of experts and consultants at rates not in excess of \$50.00 per diem; permits employment of persons with outstanding ability without compensation; provides for fines and imprisonment for employees who use confidential information in commodity speculation.
6. Public Law 873, 81st Congress: Amends the Classification Act of 1949 by permitting agencies to establish performance rating plans after approval of the Civil Service Commission; requires that plan have at least three ratings; provides for appeals from ratings and inspection by the Commission of operation of plans.
7. Public Law 843, 81st Congress: Requires the Civil Service Commission to make full use of authority to make temporary appointments; places restrictions on salaries of employees reinstated after separation due to reduction in force; requires that all reinstatements, transfers, or promotions shall be temporary. Provides for certification of employees separated through reduction in force to defense activities; authorizes Department of Defense to call on agencies for additional personnel.
8. Executive Order 10180, establishing special personnel procedures in the interest of the national defense.
9. Executive Order 10182, providing for the appointment of certain persons under Defense Production Act and prescribing regulations for their exemption from certain conflict of interest statutes.

(3) Budgetary and Financial Administration and Service.

The Office of Budget and Finance, as a staff office of the Secretary, provides leadership and coordination of the budgetary, fiscal, procurement and management of operating and administrative supplies and equipment, and related activities of the Department. Along functional lines, the Office is primarily responsible for:

Policies and procedures: Formulation and promulgation of over-all departmental policies and procedures relating to the foregoing activities. This includes the refinement of existing budgetary, fiscal and related policies and procedures, the development of new methods and techniques to meet particular Department program needs, and the fostering of administrative and program management improvements through staff liaison and cooperation with agencies of the Department and with other governmental agencies concerned.

Budget formulation and presentation, and management of funds, involving the supervision and coordination of:

The formulation, preparation and presentation of budget estimates and supporting justifications, including the review, analysis and evaluation of agency estimates, the preparation of budgetary and statistical statements, etc., relating thereto, and the presentation of the estimates to the Budget Bureau and Appropriations Committees of Congress.

The allotment and apportionment of funds and current obligation reports thereon, in order to provide for the orderly management of the expenditure of funds, consistent with the purposes for which they were made available.

Accounting functions, including the review of agency fund accounting systems and reports to ascertain compliance with applicable laws and regulations and to facilitate the establishment and maintenance of improved fiscal and accounting standards; technical assistance to agencies in developing improved accounting systems, charts of accounts and accounting methods adapted to their particular needs; and interpretation and implementation of Comptroller General Decisions, Budget-Treasury and GAO instructions and regulations; and the maintenance of summary cash and fund availability accounts on appropriated and other funds allotted to two or more agencies of the Department.

Auditing activities, involving guidance and consultation with departmental agencies in developing policies, methods, standards and scope of internal audit programs, including programs relating

to both government and commercial type audits of the financial activities of the various agencies and corporations within the Department.

Budgetary and Financial reporting, including the formulation and maintenance of a comprehensive and integrated system of financial and budgetary reporting within the Department; the review and analysis of agency reports to determine completeness, interpretability, timeliness, etc.; the preparation of regular consolidated and special financial and statistical statements covering all fiscal operations of the Department, including capital, appropriated, and other funds; the development of standards for effective and useful financial and budgetary reports; and advice to the agencies to facilitate use of financial, budgetary, and related operating statements.

Procurement and supply activities such as the acquisition, storage, effective utilization and disposition of administrative and operating supplies and equipment, and the formulation and promulgation of policies and procedures relating thereto, including the administration of delegations of procurement and sales authorities.

Program review consisting of the analysis and evaluation of the budgetary, financial, and legislative aspects of program proposals and program operations in order to determine the budgetary and fiscal requirements and implications of such proposals and operations.

Legislative reporting and the review and clearance of legislative proposals; coordination of the preparation and submission of legislative reports to the Committees of Congress and the Budget Bureau; and providing legislative information to departmental and agency officials in connection with bills and resolutions relating to agriculture, etc.

Fiscal management involving a wide range of budgetary, fiscal and administrative problems, such as the development of improved and simplified operating methods, procedures, administrative regulations and requirements, and operating instructions and controls; management improvements; measures of economy and efficiency; and the management of administrative and program forms. This function is carried on in close cooperation with other staff offices and governmental agencies.

Liaison: The Office serves as the central point of contact for the Department on budgetary, fiscal, procurement, legislative and related matters with the Bureau of the Budget, General Accounting Office, Treasury Department, General Services Administration and others. It also provides liaison with Congressional Committees on Appropriations and with the House Committee on Agriculture.

Current Activities: Examples of problems on which work is now being done, and with which the Office must deal constantly, include:

- (a) Development and improvement of methods, instructions and policies to simplify and improve the effectiveness, and to increase the efficiency of departmental budgetary administration. Current developments along these lines include (1) intensified efforts to improve accounting support for activity schedules appearing in the budget, while at the same time reflecting to the greatest extent possible an informative functional breakdown of the program; (2) proposals for simplification of the appropriation structure of the Department through consolidation of related appropriation items; and (3) the promulgation of regulations prescribing a Department-wide system of control of obligations and expenditures under apportionments as required by the General Appropriation Act, 1951.
- (b) Development of simplified procedures and techniques, and improved accounting systems to more effectively serve the varying and particular accounting and reporting needs of management relating to the expenditure of funds, and to reflect obligations by activities. While considerable progress had been made in this direction, in cooperation with the joint (GAO-Treasury-Budget) program for improving accounting systems, and prior to the passage of the Budget and Accounting Procedures Act of 1950, enactment of this Act has given added impetus to the program in this Department. A number of new procedures and changes in accounting systems, consistent with the provisions and objectives of this law, have already been placed into effect. Work in this field will continue toward development of improvements and modernization of the accounting structures and systems in use in the Department based upon the principles enumerated in the Act.
- (c) Continuous review, study and development of reporting methods and techniques directed toward simplification and other improvement in the form, content and usefulness of financial reports.
- (d) Formulation and application of improved techniques and procedures relating to property and supply management activities. Implementation of the Federal Property And Administrative Services Act of 1949 (P.L. 152 - 81st Congress) and the resultant regulations of the General Services Administration has affected almost every

practice, procedure and policy concerning the procurement and supply management activities of the Department. While the Act has been in effect for almost two years, its impact upon specific programs of the Department cannot yet be fully evaluated. However, the Office is watching developments in this field with a view to providing further improvements and refinements most responsive to the particular needs of Department programs.

The effective solution of problems in these fields requires technical competence and a broad appreciation and understanding of Department and related governmental policies and programs, as well as close cooperation with other technical and program agencies concerned with these matters.

The work of the Office is performed through eight functional divisions and a small staff of budget and fiscal examiners who keep in direct, day-to-day touch with the work of the principal operating or program agencies of the Department.

(4) General Operations.

The work carried on under this title comprises the housing of Departmental activities, including matters pertaining to real estate and space management; the administration of records management programs; certain technical and advisory services pertaining to communications management and the acquisition, utilization, and maintenance of certain types of equipment involving engineering principles; the approval of aerial photographic survey projects and planimetric, topographic, cadastral and mosaic mapping projects in excess of 60 square miles; the general coordination of automotive repair shop and equipment depots, cartographic, photogrammetric and photographic laboratory activities.

The Office of Plant and Operations also renders certain Departmental services in the District of Columbia, including telephone and telegraph, photographic, duplicating, addressing and mailing, central storage and distribution of supplies and forms, motor transport and service garage, and the Department post office, and provides administrative services for the Office of the Secretary. It also provides budgetary supervision of the Secretary's Office appropriation. The Director represents the Department in all matters within the purview of his responsibilities.

The previous year's report indicated a plan of reorganization in part of the Office of Plant and Operations. A full fiscal year of operation has now been had under the reorganized plan and the results obtained have been very gratifying. The raising of Records Management activities to the divisional level has

provided a greater opportunity for added impetus to this phase of work. The head of that division has been able to give his full attention to the direction of the records management program of the Department whereas previously, certain operational services at that departmental level in the field of communications, demanded a major portion of his time. The work of the Service Operations Division has more than justified its pattern of reorganization through the development of more uniform practices and standards of service to the agencies served as it pertains to the field of supply, reproduction, communications and other services. Further internal reorganization of this section, however, is in progress and will be reported upon in a subsequent report of progress. The addition of the Secretary's Records Section to the responsibilities of the head of the Administrative Services Division has also increased the effectiveness of that division in its service to the over-all Office of the Secretary.

Technical Services Division. The staff of this Division acts as consultants and advisors to all the agencies in the Department in the selection, specification operation and service of all manner of mechanized equipment, laboratory appliances and apparatus, engineering instruments, photographic and photogrammetric appliances and processes which depend for successful operation upon the proper application of scientific and engineering principles. The staff represents the Department on inter- and intra-departmental technical committees which are concerned with the development of Federal specifications, commercial standards and automotive equipment management which involve the application of engineering principles. During the fiscal year 1950 the Division reviewed 313 technical specifications submitted by the bureaus, prepared 169 specifications at the request of the agencies and reviewed 62 bid dockets to ascertain compliance with the specification requirements. The Division provides and maintains an extensive file of catalogues and descriptive literature pertaining to the equipment and apparatus in the categories named thus affording a reservoir of information for the benefit of the agencies in keeping abreast of the rapid technological advances in this field.

Records Administration Division. The Division's full time and attention is devoted to fulfilling the responsibility of establishing and administering an active and continuing program for the effective management, security and disposition of records in each agency of the Department.

Records are created wherever functions are performed and employees are located. The Department's functions include research, extension, conservation, marketing, price support, regulatory work, and related activities. Records created as a by-product of these activities are naturally of a diversified character and do not fall into uniform patterns of type or quantity. An estimated 80% of all record holdings

is located in field offices, in quantities consistent with size and type of installation and with the functions performed.

The effectiveness of the Department's records management program is evidenced in improved records-keeping practices and increased administrative efficiency. Tangible results can be observed in the disposition phase of the program. During the fiscal year 1950, the Department disposed of 197,536 linear feet of useless records, equal to the contents of 24,662 four-drawer filing cabinets.

The staff continues to participate in the Federal Inter-Agency Records Administration Conference, whose purpose is to foster and develop interest in establishing and improving comprehensive programs of records management in the Federal Government. A member of this staff has been elected to the chairmanship of the Conference for the fiscal year 1951.

Real Estate Division. The establishment of the General Services Administration under P.L. 152, 81st Congress, with its broad authorities in the field of real estate management has had the effect of increasing the responsibilities of this Division, which serves as liaison between the Department and the General Services Administration in all matters relating to real property. Particularly, the responsibility of this Division has been increased in matters relating to disposition of real property as it now has been assigned primary responsibility for the Department under P.L. 152 for declarations of excess and disposition of surplus, in addition to the responsibilities it has formerly exercised for acquisition by purchase, lease or construction, and for the utilization of real property.

In addition to collaborating with the General Services Administration in working out matters of policy and operating procedure under P.L. 152, this Division has been active in facilitating the transfer of property and responsibility affecting the Department under the provisions of Reorganization Plan No. 18 of 1950.

Through collaboration with the General Services Administration and judicious use of their 5-year leasing authority, this Division has been successful in developing highly satisfactory solutions to long-standing and difficult space problems affecting a number of our larger field establishments.

This Division continued to provide architectural and engineering assistance to the agencies of the Department in matters relating to building construction, evaluation and maintenance. Undertakings of this character particularly worthy of mention include the possible relocation of the Animal Quarantine Station, Clifton, N. J.; surveys of the cattle research stations (formerly Army remount stations) at Ft. Reno, Oklahoma, and Ft. Robinson, Nebraska; the proposed Foot and Mouth Disease Laboratory near Providence, Rhode Island; and a new granary to replace the one destroyed by fire at the Agricultural Research Center, Beltsville, Maryland.

Working through the General Services Administration, a number of improvements, alterations and repairs were obtained in space occupied by the Department in Federal buildings in Washington and the field. In addition, preliminary space estimates were obtained in 69 cities and specific requirements forwarded to the General Services Administration for use in connection with the preparation of plans for 142 Federal Buildings.

Service Operations. The Service Operations Division combines under a single divisional head all of the Department-wide services rendered by the Office of Plant and Operations. These include photographic and duplicating services, central storage and issuance of supplies, the central departmental telephone and telegraph office, motor transport service, and the Department's post office.

The Chicago and New York private and FX telephone lines controlled and operated through the central departmental telephone switchboard section were utilized to the extent of 29,951 calls, at a cost of \$33,845 during 1950. The same number of calls, if placed at prevailing commercial rates, would have cost \$74,635. Thus, the use of these lines by the Department resulted in a savings of approximately \$40,790.

During the latter part of the fiscal year, the Public Utilities Commission of the District of Columbia approved rate increases for telephone service in Washington. These rates, which became effective March 6, 1950, not only affected private and commercial users, but applied also to all agencies of the Government here. Under the new rates approved by the Commission, the annual switchboard and automatic equipment rental cost to the Department was increased from \$49,999 to \$73,216, or an increase of approximately 46 percent over previous costs. In addition, the cost of local messages was increased from 3-1/4 cents per message to 3-1/2 cents, representing an increase of approximately 8 percent.

For approximately ten years there was an arrangement with the Washington City Post Office whereby a considerable volume of the mail destined for the Department was pre-sorted at the City Post Office and placed in "direct" sacks for some of the larger agencies of the Department. This pre-sorting greatly facilitated the movement of mail through the Department's post office. On April 20, 1950, the Department was notified that this service would be discontinued. As a result of this action, the Department post office staff is being taxed to capacity to meet the impact of the additional work without some slowing down in the handling of the Department mail.

(5) Hearing Examiners.

The hearing examiners hold quasi-legislative hearings when called on to do so by the administrative agencies of the Department and quasi-

judicial hearings on disciplinary complaints filed by the Department against individuals and on petitions filed by private parties asking relief from some action of the Department or its agencies.

During the fiscal year 1950, 100 hearings were held on proposed orders or amendments to orders. Eighty-two hearings were held in the fiscal year 1949. Fourteen new marketing orders were put into effect in 1950, making a total of 66 effective orders. An increase in marketing orders results in a corresponding increase in amendment hearings and hearings on petitions for relief under the orders. Public Law 554-81st Congress, which amended the provisions of the Perishable Agricultural Commodities Act, made increased funds available to the Department for administering the Perishable Agricultural Commodities Act. This legislation will further increase in 1951 and subsequent years the number of hearings to be held under the Act.

In general, the examiners make reports, recommend decisions, and perform such related duties as may be required by the Administrative Procedure Act and the statutory provisions, regulations, and rules of practice applicable to various matters under their jurisdiction. In accordance with the Administrative Procedure Act, administrative hearings are, with few exceptions, held outside of Washington, D. C. Hearings have been held under the Agricultural Marketing Agreement Act of 1937, the Packers and Stockyards Act, the Commodity Exchange Act, the Perishable Agricultural Commodities Act, and the Sugar Act.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS

Item	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
<u>Research and Marketing Act of 1946</u> <u>(Title II), Department of Agricul-</u> <u>ture (Office of the Secretary of</u> <u>Agriculture):</u>			
For budgetary and accounting			
services rendered in connection			
with the Research and Marketing			
Act of 1946	\$3,978:	\$4,000:	\$4,000
<u>Working Fund, Agriculture, General</u> <u>(Office of the Secretary of Agri-</u> <u>culture):</u>			
<u>Advanced from:</u>			
<u>Department of the Interior:</u>			
For cost of studies in connection:			
with the development of an			
evaluation of the agricultural			
repayment feasibility of the			
Weber Basin Reclamation Project,:			
Utah	- -	3,650:	- -
<u>Department of the Army:</u>			
For expenses in connection with a:			
comprehensive survey of the			
Arkansas-White-Red River basin ..	- -	a/ 3,000:	- -
Total, Working Fund, Agricul-			
ture, General	- -	6,650:	- -
<u>Expenses of Defense Production, Exec-</u> <u>utive Office of the President (Allot-</u> <u>ment to Agriculture)(Office of the</u> <u>Secretary of Agriculture):</u>			
For assistance to Secretary in the			
development of policy under the			
Defense Production Act and the			
coordination of defense activities:			
of the Department	- -	a/ 4,000:	- -
TOTAL, OBLIGATIONS UNDER ALLOTMENTS.	3,978:	14,650:	4,000

a/ Allotment as of December 31, 1950.

PASSENGER MOTOR VEHICLES

The estimates for 1952 provide for a continuation of the authority contained in the 1951 Act for the normal replacement of one of the automobiles assigned to the Office of the Secretary, and for such contingencies as the damage beyond repair of one of the cars used for the official transportation of the Secretary of Agriculture and his assistants.

(b) Working Capital Fund, Department of Agriculture

The working capital fund is a "no-year" operating fund of \$400,000 established by the 1944th Agricultural Appropriation Act to pay the operating costs of certain centralized service organizations pending receipt of reimbursements for such costs from the bureaus and agencies provided with the services. The integrity of the original appropriation is maintained from year to year by means of these reimbursements, and an appropriation in 1952 is, therefore unnecessary.

Statements reflecting the assets and liabilities and income and expenses of the working capital fund as of June 30, 1950, as well as estimates for 1951 and 1952 are printed in the Budget schedules and in the Subcommittee Print for the fiscal year 1952.

OFFICE OF THE SOLICITOR

Purpose Statement

The Solicitor's Office was established in 1910 when the Congress prescribed that "hereafter the legal work of the Department of Agriculture shall be performed under the supervision and direction of the Solicitor" (5 U.S.C. 518). Until April 1, 1935 the Solicitor's Office was a unit of the Office of the Secretary, at which time it was established as a separate office having bureau status.

The Solicitor's Office, as the law office of the Department of Agriculture, performs all of the legal work arising from the activities of the department. The Solicitor represents the Department in administrative proceedings for the promulgation of rules having the force and effect of law; in quasi-judicial hearings held in connection with the administration of various programs and acts; and in proceedings before the Interstate Commerce Commission involving freight rates and practices relating to farm commodities, including appeals from the decisions of the Commission to the courts. He serves as general counsel for the Commodity Credit Corporation and the Federal Crop Insurance Corporation. He furnishes necessary review in connection with criminal cases arising under the programs of the Department for the purposes of referring them to the Department of Justice. By special assignment of the Attorney General, the Associate Solicitor on Litigation represents the Department in certain categories of cases before appellate courts, including the Supreme Courts of the States, U.S. Circuit Courts of Appeal and the Supreme Court of the United States. The Solicitor issues both formal and informal opinions on legal questions arising in the administration of the Department's programs; prepares and reviews administrative rules and regulations applicable to the public; assists in the drafting of proposed legislation; prepares, reviews and interprets contracts, mortgages, leases, deeds, and similar documents; prosecutes patent applications for employees of the Department; examines titles to lands to be acquired by the Government or accepted as security for loans; and disposes of claims by and against the United States arising out of the Department's activities.

The legal work of the Office is carried on by 10 divisions in Washington, supervised by 5 associate solicitors, each having 2 divisions, the Associate Solicitor on Litigation, and the Solicitor. The work in the field is handled by 9 regional and 9 branch offices located as follows: Atlanta, Georgia (branch office in Raleigh, North Carolina); Chicago, Illinois (branch office in Milwaukee, Wisconsin); Dallas, Texas; Denver, Colorado (branch offices in Albuquerque, New Mexico, Missoula, Montana and Ogden, Utah); Lincoln, Nebraska (branch office in St. Paul, Minnesota); Little Rock, Arkansas; Philadelphia, Pennsylvania; San Francisco, California (branch offices in Los Angeles, California, Portland, Oregon, and Honolulu, T. H.); and San Juan, P. R.

On November 30, 1950, the Solicitor's Office had 501 employees, of whom 309 were in Washington and the balance in the field.

	Estimated, <u>1951</u>	Budget Estimate, <u>1952</u>
Appropriated funds	\$2,524,100	\$2,463,000

Salaries and Expenses

Appropriation Act, 1951	\$2,562,500
Reduction pursuant to Section 1214	-38,400
Advances from other appropriations (shown in detail on next page)	207,000
Base for 1952	2,731,100
Budget estimate, 1952:	
Direct appropriation	\$2,463,000
Advances from--	
"Flood control, Department of Agriculture"	17,000
"Administrative expenses, Commodity Credit Corporation, Department of Agriculture"	190,000
Total available, 1952	2,670,000
Decrease(to provide a direct appropriation to the General Services Administration for certain pro- curement and leasing costs previously paid from this appropriation,(\$61,000) and \$100 to round- off the estimate)	-61,100

PROJECT STATEMENT

Project	1950	1951 :(estimated)	Decreases	1952 :(estimated)
1. Agricultural credit ...	\$720,934	\$776,900	-\$53,330	\$724,570
2. Commodity Credit, pro- duction and adjustment programs	413,876	419,300	-8,540	410,760
3. Lands, forestry, research: and general legal services:	477,222	490,300	-14,640	475,660
4. Marketing and regulatory: laws	417,485	433,000	-3,660	429,340
5. Rural electrification and: telephone programs	522,477	611,600	-1,930	609,670
Unobligated balance	25,302	- -	- -	- -
Total available	2,577,296	2,731,100	-61,100	2,670,000
Received by transfer from:				
"Salaries and expenses, farm housing, Department of Agriculture"	-15,500	- -	- -	- -
"Flood control, Department of Agriculture"	-17,000	-17,000	- -	-17,000
"Administrative expenses, Commodity Credit Corpora- tion, Department of Agri- culture"	-193,500	-190,000	- -	-190,000
"Salaries and expenses, Rural Electrification Ad- ministration, Department of Agriculture"	-50,000	- -	- -	- -

(Continued on next page)

Project	:	1950	:	1951	:	:	:	1952
	:		:	(estimated)	:	Decreases	:	(estimated)
Transfers in 1951 estimates	:		:		:		:	
from:	:		:		:		:	
"Research and Marketing	:		:		:		:	
Act of 1946, Department	:		:		:		:	
of Agriculture"	:	-3,089:	:	- -	:	- -	:	- -
"Salaries and expenses,	:		:		:		:	
farm housing, Depart-	:		:		:		:	
ment of Agriculture"....	:	-62,707:	:	- -	:	- -	:	- -
Reduction pursuant to	:		:		:		:	
Section 1214	:	- -	:	+38,400	:	- -	:	- -
Total appropriation or	:		:		:		:	
estimate	:	2,235,500:	:	2,562,500	:	-61,100	:	2,463,000

STATUS OF PROGRAM

General: The Office of the Solicitor furnishes legal services with respect to all programs carried on by the Department in every State, territory and possession and advises the Secretary and other administrative officials on legal problems arising in connection with the work of the Department. The progress and effectiveness of the many and varied programs require such legal services.

The volume and scope of the activities of this office are dependent upon the programs of the Department. This office has little latitude for exercising control of the volume of legal assistance it is called upon to furnish, since this is dependent almost entirely upon the requests of administrative officials and the problems encountered in the conduct of program operations.

Current Activities: The following summaries are illustrative of the legal work that is currently performed:

1. Farm Credit Administration Programs: In addition to furnishing routine advisory legal services during fiscal year 1950 to the Governor of the Farm Credit Administration, the Commissioners, and members of their respective staffs in their day-to-day administration of the farm credit system, special attention was given to a number of important developments among which were the following:

- The issuance of consolidated Federal farm loan bonds dated October 1, 1949;
- The completion of liquidation of two joint-stock land banks (leaving one liquidation to be completed);
- The clearance of record titles in which joint-stock land banks, now liquidated, formerly had an interest;
- The transfer of activities related to the labor camp disposal program;
- The issuance of debentures of the Central Bank for Cooperatives;
- The study of district personnel retirement plans;
- The retirement of Government capital by production credit associations and their resulting status under various Federal and State laws;
- The construction and application of Public Law 439, approved October 31, 1949, authorizing loans by banks for cooperatives for financing the construction of storage facilities; and
- Procedures relating to the Federal Farm Mortgage Corporation assets.

This office also reviewed, and in some cases drafted, proposed legislation relating to various phases of agricultural credit. Regulations for the guidance of the district units were prepared or revised, for publication in the Federal Register, and material requested by various Congressional committees was assembled and

analyzed, including the data requested by the Joint Committee on the Economic Report.

2. Farmers Home Administration Programs: During the fiscal year 1950 the major part of this legal work related to loan making, servicing, and collection; including collection and liquidation of assets transferred to the Farmers Home Administration; compromise of indebtedness; litigation, including foreclosures for the collection of accounts serviced by the Farmers Home Administration; legal approval of administrative policies, procedures, instructions, forms, correspondence, drafting of legislative reports and clearance of legislative matters.

New activities in this field included legal work in connection with assistance to homestead entrymen under Public Law 361 (81st Congress, 1st Session), and loans and grants for farm housing and other farm buildings under the Housing Act of 1949, and negotiations for the transfer of the assets of the State rural rehabilitation corporations pursuant to Public Law 499 (81st Congress, 2d Session).

Proposed legislation was drafted pursuant to special Congressional or administrative requests in connection with:

S. 2996 and H.R. 8613, providing for loans to make available in any area or region credit of the type formerly made available in such area or region by the regional agricultural credit corporation; and

H.R. 7268, H.R. 7099, S. 2988 and S. 3179, to amend the Bankhead-Jones Farm Tenant Act, to provide a more effective distribution of mortgage loans insured under Title I of that act, to give the holders of mortgage loans preference in refinancing of loans on a non-insured basis, to adjust the limitations governing title II loans so as to provide more effective assistance to production and subsistence loan borrowers and to provide for the deferment of first payment on such loans.

3. Commodity Credit, Section 32 and School Lunch Programs: During the fiscal year 1950, legal work was performed in connection with the price support, foreign purchase, supply, wheat export, and grain storage programs of Commodity Credit Corporation; the export, purchase and distribution, and diversion programs undertaken pursuant to section 32 of the Act of August 24, 1935, as amended; and the National School Lunch Act. In addition to the legal problems arising out of the day-to-day operations of these programs, the legal work involved a review of each program proposal, preparation or review of published regulations, and of mortgages, loan agreements, purchase and sales contracts, leases, erection contracts, and a wide variety of miscellaneous contracts and legal instruments. There was also involved legal

work in connection with corporate management of Commodity Credit Corporation and the preparation of legislation affecting the programs of the Corporation.

Legal services were also performed in connection with claims arising out of the program activities of the Commodity Credit Corporation. Many of these involved disputed issues of fact or law and required the preparation of opinions determining liability.

When satisfactory settlement could not be effected in the Department, claims involving the Commodity Credit Corporation were referred to the Department of Justice for appropriate action, while other claims were referred to the General Accounting Office for consideration. As of June 30, 1950, 618 cases were in litigation or had been referred to the Department of Justice. Included in these pending cases were individual cases ranging up to almost \$3,000,000. The issues involved in the litigated cases are varied and, in most instances, unusual, and arise out of a multitude of different factual situations. Various types of claims are represented, such as breach of contract, violation of regulations, loss or damage to commodities in storage or in transit, transportation overcharges or undercharges, theft and conversion of collateral, and fraud. The office assisted the Department of Justice by preparing pleadings and briefs, assembling and evaluating evidence, obtaining the necessary documentation, and otherwise preparing the cases for trial.

Illustrative of the litigation work in which the office engaged are the following cases:

The Arnold Milling Company v. Commodity Credit Corporation, one of the first cases involving the Texas City disaster to be docketed, involved interpretation of a purchase contract provision and determination whether the vendor is liable for loss until commodities are actually unloaded as distinguished from arrival at port.

In the case of Western Millers Mutual Insurance Co. v. Commodity Credit Corporation, one of a number of cases arising out of the Gulfport hurricane, the issues of Act of God and the railroad's liability in the face of warning, as applied to cars in different locations, was presented, in addition to the same purchase contract provision involved in the Arnold Milling Co. case.

In United States v. Baltimore and Ohio Railroad Company, favorable settlement out of court in the sum of \$71,148.69 was effected with respect to shortages of commodities being handled by the carrier, after much work preliminary to trial had been performed. The issue was whether there should be set off against shortages in weight of any car, any overruns in other cars, or whether, as contended by the Corporation,

each carload shipped on an individual bill of lading should be considered separately. This case involved numerous cars and affected many pending claims; it established a precedent for settlement of future shipments by the Government.

Other related legal work performed by the office during the 12 months ending June 30, 1950 involved contract settlement and renegotiation of claims against the Commodity Credit Corporation and the Department of Agriculture. Legal assistance was also rendered in connection with certain Lend-Lease plants and facilities to which the Department of Agriculture has title. The work involved the lease of such plants to private industries, their maintenance and, in some cases, their disposition by the Department.

4. Production and Adjustment: Legal services were rendered in connection with the work of the Federal Crop Insurance Corporation, the sugar quota and payment program, the farm marketing quota programs, and the agricultural conservation and naval stores program. In addition, during the fiscal year 1950 this office furnished legal assistance in connection with the International Wheat Agreement and the recommendations of the Department on renegotiations of trade agreements.

The work during the fiscal year 1950 was greatly increased over prior years by the application of farm marketing quotas to cotton. This work involved:

Participation in "informal" hearings regarding the provisions of the 1950 cotton marketing quota program and the regulations to effectuate that program;

The drafting and approval of regulations, instructions, and forms relating to (1) acreage allotments for the 1950 crops of cotton, and (2) the marketing of cotton from that crop; and

Participation in a large number of administrative hearings before farmer review committees with respect to appeals for review of 1950 cotton acreage allotments and marketing quotas. Approximately 50,000 farmers applied for review of their farm allotments and quotas for the 1950 crop. This office was called upon for legal assistance in connection with a large number of these appeals.

In addition, the litigation involving cotton marketing quotas for the 1950 crop has been heavy. The office also assisted in the drafting of two major pieces of legislation relating to cotton marketing quotas. The first of these related to the 1950 crop and was enacted as Public Law 471, 81st Congress. The other is H.R. 9109 (passed by the House July 31, 1950) relating to the permanent provisions of the cotton marketing quota law.

The work of the fiscal year 1950 was further increased over

prior years by reason of the establishment of acreage allotments for the 1950 crops of wheat, corn, and rice. The work on farm marketing quotas for tobacco and peanuts continued with some increase in litigation involving the tobacco program.

The work on crop insurance increased during the fiscal year 1950 by reason of an increase of approximately 50 percent in the number of counties in which crop insurance is offered. The 1950 crop is the first crop to be insured under the expanded programs authorized by Public Law 268, 81st Congress. The additional work was due in large part to the necessity of drafting new regulations and contracts and revising existing regulations and contracts consistent with the requirements of the expanded programs.

This office also continued its collaboration with the Federal Crop Insurance Corporation during the fiscal year 1950 in an extensive program for the collection of delinquent crop insurance premiums.

Appellate Litigation in connection with the Sugar Act: In Secretary of Agriculture v. Central Roig Refining Company, 338 U.S. 604, decided by the Supreme Court in favor of the Government on February 6, 1950, reversing the decision of the United States Court of Appeals for the District of Columbia in 171 F. 2d 1016, this office prepared the briefs and submitted the oral argument on behalf of the Secretary. The constitutionality of the Sugar Act of 1948 was challenged, under the due process clause of the Fifth Amendment, by the Government of Puerto Rico and by two of the principal refiners of sugar in the island, and also the refiners attacked the Secretary's order allotting the 1948 quota of refined sugar for Puerto Rico among the various refiners in the island as being unauthorized by the standards set forth in the statute. The issues as to the constitutionality of this legislation and, if valid under the Constitution, the ambit of the authority conferred on the Secretary were of major importance to the Department.

5. Forestry and Lands Programs: During the fiscal year 1950 legal work was performed in connection with the national forest administration, Forest Service cooperative and land acquisition programs, the submarginal land program, flood control, river basin agricultural programs, water conservation and utilization projects, and soil conservation districts program.

Under the assignment of responsibilities within the office in connection with the work for which the Forestry and Lands Division is responsible, much of this work was performed in the regional offices. Examples are:

In land acquisition cases the regional attorney procured or prepared the abstract or other evidence of title, made the initial review, procured necessary curative data, obtained the deed to the United States, and, where the case was to be

closed on a preliminary opinion from the Attorney General, was responsible for closing the case.

In the fiscal year 1950 the regional attorneys received a constantly increasing number of requests from the field offices of the Department for legal assistance in connection with the flood control and river basin programs of the Department. (A greatly increased number of requests for such assistance was also received in the Washington office.)

In connection with the administration, management and protection of the national forests and land utilization projects, the regional offices were called upon to approve individual contracts and agreements such as timber sale contracts and also to assist the field offices of the administering bureaus in the investigation, development and presentation of cases involving trespass, breach of contract and other matters. Many of such cases were referred direct to the United States Attorneys by the regional attorneys, and when requested, they assisted the United States Attorney in the prosecution of such cases.

Some of the special problems which were handled during the fiscal year 1950 involved the following: As an aid to officials administering the flood control programs, a comprehensive review of flood control legislation affecting the Department's participation in such programs was prepared. Likewise, information relative to the Department's water resources legal authority was prepared for the President's Water Resources Policy Commission as a means of assisting in its over-all study of the nation's water resources.

Legal assistance was rendered, during the fiscal year 1950, in the preparation of revised regulations jointly issued by the Department of Agriculture and the Department of the Interior for the handling of exchanges of lands within national forests under the General Exchange Act of March 20, 1922, as amended.

Legal guidance and assistance were furnished officials of the Department relative to riparian rights in Eastern States, particularly in connection with drainage laws. The regional offices took a considerable part in this work.

Important litigation in which the office, particularly one of the regional offices, took a leading part in fiscal year 1950, was helpful in setting a pattern which can be followed by administrative officials where there is involved a question of the rights of others to lands and timber derived through railroad land grants..

6. General Legal Services: A number of legal problems were presented to this office in fiscal year 1950 in connection with the 1951 appropriation bill. For example, numerous changes in appropriation language were necessary and many legal problems were presented and interpretations were required in connection with the restrictions placed in the various versions of the consoli-

dated appropriation bill.

Under the Research and Marketing Act the Department gave increasing emphasis to contracting work. This resulted in this office approving and assisting in the preparation of the largest number of separate contracts and formal agreements since the initiation of this work. Particular attention had to be given to the phraseology of the patent and information clauses in contracts.

The number of tort claims received and adjudicated continued to increase and fiscal year 1950 represented the largest number of cases disposed since the enactment of the new tort claims law in 1946. The decision of the Supreme Court in U.S. v. Aetna Casualty Company sustaining the right of subrogees to proceed under the act resulted in the processing for consideration of a number of suspended cases. Several of the Regional Attorneys were called upon for assistance in tort claims work particularly in connection with defense of actions in court in cooperation with United States Attorneys.

A new policy in the handling of patent interferences by this office was initiated during fiscal year 1950 whereby cases in which the priority of invention on behalf of Department employees appears doubtful, negotiations are opened with the private interfering interests in an attempt to compromise the case. In the instances in which this procedure has been employed considerable time has been saved by shortening the interference procedure through stipulation.

The enactment of the Classification Act of 1949 resulted in numerous legal questions and problems of adjustment for this office during fiscal year 1950. A number of new exemptions had to be interpreted and applied to the particular work of the Department.

7. Marketing and Regulatory Laws: There was a marked increase in the legal work performed during fiscal year 1950 in connection with the many regulatory laws administered by the Department.

The 22 hearings on new marketing agreement and order programs and the 33 hearings on amendments to existing programs resulted in 57,556 pages of hearing records, an average of 1,050 pages per hearing, as compared to 42,601 pages or an average of 840 pages per hearing for the 1949 fiscal year. Fourteen new orders were made effective, 7 milk and 7 in the fruit, vegetable, and nut field. Court actions to enforce these programs increased almost 300%, 118 cases as compared with 40 for the preceding fiscal year. Grade, size, volume, and other regulations numbered 263, an increase of 15%. Legal work on these programs required the preparation or review of 4,203 orders, rules, opinions, memoranda, pleadings, briefs, letters, and other documents, an increase of 40%.

The 229 reparation proceedings instituted under the Perishable Agricultural Commodities Act represented an increase of 40% over the 1949 fiscal year. Proceedings were completed and decisions were rendered in 193 cases.

Legal work was performed in connection with a substantial number of transportation cases participated in by the Department involving rail, motor, and water carrier rates and practices, many of which were of an involved nature. These proceedings required over 30 protracted hearings held throughout the country.

During the fiscal year 1950 over 100 additional stockyards were posted under the Packers and Stockyards Act resulting in an increased volume of legal work. Eighty-two rate, disciplinary, and reparation administrative proceedings were instituted in addition to the 23 proceedings which were pending on July 1, 1949.

Among the regulatory proceedings handled under the Commodity Exchange Act were 2 major proceedings involving manipulation of prices on commodity exchanges.

Appellate Litigation in connection with Marketing and Regulatory Laws: In Brannan v. Stark, on appeal to the United States Court of Appeals for the District of Columbia, the office prepared the briefs and submitted the oral argument on behalf of the Secretary. The jurisdictional aspect of the controversy was resolved by the Supreme Court in Stark v. Wickard, 321, U.S. 288, in remanding the case to the District Court for disposition on the merits. From an adverse decision on the merits by the District Court, an appeal was filed on behalf of the Secretary to the Court of Appeals for the District of Columbia. The case arises under the Agricultural Marketing Agreement Act of 1937, and the issues relate to whether co-operative payments, under a milk order, are permissible subtractions in the computation of the uniform blended price and are not, under the standards set forth in the Act, variations or adjustments to the uniform prices. The case is of major importance in the administration of milk orders. The Court of Appeals has now rendered its opinion and consideration is being given to appeal to the Supreme Court.

This office prepared the brief in the Supreme Court in opposition to the petition for a writ of certiorari in Dairymen's League Cooperative Association, Inc. v. Brannan, 338 U.S. 825. The U.S. Court of Appeals for the Second Circuit had sustained the Department's contentions (173 F. 2d 59) in this case with respect to a series of claims and controversies involving large sums of money under the New York milk marketing order, effective under the Agricultural Marketing Agreement Act of 1937. The Supreme Court denied the petition for a writ of certiorari.

This office prepared the brief in the Supreme Court in opposition to the petition for a writ of certiorari in Titusville Dairy Products Company v. Brannan, 338 U.S. 905. The U. S. Court of Appeals

for the Third Circuit (176 F. 2d 332) had sustained the jurisdiction of the Secretary, under the commerce clause of the Constitution and under the Agricultural Marketing Agreement Act of 1937, to regulate milk approved by the health authorities of New York City for interstate marketing but actually disposed of in intrastate commerce in Pennsylvania. The Supreme Court denied the petition for a writ of certiorari.

This office also reviewed 20 cases decided by district courts during the fiscal year 1950, and forwarded recommendations to the Attorney General with respect to whether appeals should be taken in these cases. At the end of the fiscal year the Department had 10 cases or groups of cases pending on appeal in the various State and Federal appellate courts. Briefs have been prepared or are in the process of preparation by this office in these cases.

8. Rural Electrification and Telephone Programs: The legal work performed during the fiscal year 1950 for the Rural Electrification Administration related generally to (1) loans and the security therefor; and (2) construction and operation of borrowers' systems. The volume of legal work as well as the variety and complexity of the legal problems in respect of the rural electrification program was greater in fiscal year 1950 than in prior years. In addition, the Congress authorized a rural telephone program and gave the Rural Electrification Administration responsibility for its execution (63 Stat. 948, approved October 28, 1949.) The two programs were in different stages of development during the year but, as to each program, the functions of the Solicitor's Office were as follows:

Rendered many legal opinions and rulings to the REA Administrator and members of the REA organization - not only concerning the Rural Electrification Act, as amended (either generally, or in its application to specific cases or problems), but also covering all phases of federal, state, and territorial legislation affecting the REA programs or its borrowers.

Functioned as an essential part of the REA "production line" in:

- (a) The drafting or approval of loan and security documents;
- (b) The drafting of forms of agreements incident to the construction of projects, engineering services, and other contracts between REA borrowers and parties other than the Government, needed for the construction and effective operation of projects; and
- (c) The approval of (and rendering of such legal advice with respect to) all such contracts as might be needed.

Rendered legal advice and assistance to the REA staff (or to REA borrowers and their attorneys) concerning pending litigation, or the impact of state legislation, having a direct and recognizable bearing on the protection of the Government's security interests or the accomplishment of the objectives of the two programs entrusted to REA by the Congress.

Though the dollar volume of new rural electrification loans in fiscal year 1950 was less than in the preceding year, there was greatly increased activity in respect of loans and loan proposals involving complex problems, both drafting and otherwise - particularly those relating to generation and transmission loans and those encountered in extending electric service into the thinner and pocketed areas. Moreover, the construction work in progress continued at a high level. Efforts to impede or prevent the extension of facilities to unserved persons in rural areas continued in fiscal year 1950, culminating in protracted litigation and numerous proceedings of major importance before State regulatory commissions. Issues involved in actions in the States of South Carolina, New Hampshire, Oklahoma, Texas, Arizona, and California were vital to the REA program and the extension of electric service in those States.

The new rural telephone program legislation immediately placed upon the Solicitor's Office additional responsibilities such as the following:

- (a) Interpreting numerous provisions of the basic legislation as applied to either broad or specific factual situations;
- (b) Research in the laws of all the States to determine the legal conditions and procedures which would be applicable to telephone loans and the security therefor;
- (c) Legal assistance in the development of policies and operating procedures; and
- (d) Developing forms of loan and security documents.

U. S. DEPARTMENT OF AGRICULTURE
Office of the Solicitor

TYPE AND VOLUME OF LEGAL WORK PERFORMED - JULY 1, 1949 - JUNE 30, 1950

	<u>Agricultural Credit</u>		<u>Commodity Credit, Production & Adjustment Programs</u>		<u>Land, Forestry and General Legal Services</u>		<u>Marketing & Regulatory Laws</u>		<u>Rural Electrification</u>		<u>Total</u>	
	<u>Hours</u>	<u>Work Units</u>	<u>Hours</u>	<u>Work Units</u>	<u>Hours</u>	<u>Work Units</u>	<u>Hours</u>	<u>Work Units</u>	<u>Hours</u>	<u>Work Units</u>	<u>Hours</u>	<u>Work Units</u>
Administrative proceedings, adjudicatory and rule making.....	-	-	709	76	578	20	46,844	409	-	-	48,131	505
Court Proceedings:												
Civil actions, pleadings, briefs, etc. prepared.....	1,278	499	3,634	1,863	284	77	1,533	377	-	-	6,729	2,816
Civil actions - Trial, Pre and Post Trial Work.....	5,908	-	9,476	-	1,303	-	1,839	-	2,631	-	21,157	-
Criminal actions, pleadings, briefs, etc. prepared.....	137	51	130	21	22	7	1,108	152	-	-	1,397	231
Criminal actions - Trial, Pre and Post Trial Work.....	162	-	516	-	106	-	1,294	-	-	-	2,078	-
Appellate Cases.....	263	-	1,779	-	120	-	1,245	-	-	-	3,407	-
Claims (prior to institution of court action) handled.....	7,127	6,196	9,234	12,000	3,466	888	88	24	-	-	19,915	19,108
Program proposals reviewed.....	941	283	2,709	487	1,214	70	34	4	3,348	1,517	8,246	2,361
Regulations prepared or reviewed.....	2,295	452	3,228	659	606	140	3,111	646	183	582	9,423	2,479
Opinions and legal memoranda prepared.....	17,127	10,696	6,603	1,227	10,855	2,851	1,696	158	12,822	1,344	49,103	16,276
Requests for oral advice handled.....	9,901	5,973	10,330	6,545	11,295	7,574	6,350	4,258	10,637	9,620	49,513	33,970
Contracts prepared or approved.....	886	1,452	2,040	427	2,626	2,474	-	-	9,513	1,992	15,065	6,345
Abstracts or certificates of title prepared or reviewed.....	2,987	2,576	15	23	12,280	4,093	-	-	1,908	634	17,190	7,326
Title documents prepared or reviewed..	1,294	1,550	27	42	1,765	2,601	-	-	3,681	503	6,767	4,696
New loans handled.....	14,784	7,845	3	1	-	-	-	-	27,688	662	42,475	8,508
Servicing loans, documents prepared or reviewed.....	6,857	14,341	-	-	19	19	-	-	6,962	799	13,838	15,159
Patent actions handled.....	-	-	-	-	4,548	949	-	-	-	-	4,548	949
Miscellaneous legal documents prepared or reviewed.....	1,958	1,450	1,348	390	1,574	960	923	337	298	103	6,101	3,240
Corporation forms or documents prepared or reviewed.....	512	205	663	181	23	26	-	-	6,158	8,928	7,356	9,340
Miscellaneous letters prepared.....	9,402	17,150	4,211	4,027	7,704	12,652	1,259	924	6,305	3,730	28,881	38,483
Reports on legislation prepared or reviewed.....	395	47	296	66	754	206	148	23	260	16	1,853	358
Legislation drafted.....	148	39	1,039	85	988	285	364	10	331	26	2,870	445
Investigations, reports and informal records reviewed.....	3,174	2,556	2,079	863	1,849	463	1,945	769	190	89	9,237	4,740
Referral of cases to U. S. Attorney, Dept. of Justice, Comptroller General or Dept. of Treasury.....	3,517	1,731	2,974	959	1,225	446	640	507	32	18	8,388	3,661
Supervisory.....	9,640	-	3,951	-	6,077	-	5,337	-	2,962	-	27,967	-
Miscellaneous.....	9,422	-	7,390	-	6,039	-	2,323	-	6,852	-	32,026	-
Total.....	110,115	75,092	74,384	29,942	77,320	36,801	78,081	8,598	102,761	30,563	442,661	180,996

Prepared: September 13, 1950

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND WORKING FUND

Item	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
<u>Research and Marketing Act of 1946</u> <u>(Title II), Department of Agriculture</u> <u>(Office of the Solicitor):</u>			
Legal services incident to research and marketing activities	\$3,484:	\$5,000:	\$5,000
<u>Disaster loans, etc., revolving fund,</u> <u>Department of Agriculture (Office</u> <u>of the Solicitor):</u>			
Legal services in connection with disaster loans, fur loans, and the liquidation of the Regional Agri- cultural Credit Corporation assets:	11,142:	15,000:	15,000
<u>Working Fund, Agriculture (Office of</u> <u>the Solicitor) Advance from Bureau</u> <u>of Animal Industry:</u>			
For legal services of such quali- fied legal personnel to assist in the program for the control of foot-and-mouth disease conducted cooperatively by the United States and the Republic of Mexico as may be mutually agreed upon	14,127:	15,000:	- -
<u>Expenses, Economic Cooperation Admin-</u> <u>istration, Executive Office of the</u> <u>President (Allotment to Agriculture)</u> <u>(Office of the Solicitor):</u>			
Legal services in connection with the Economic Cooperation Adminis- tration Program	27,112:	- -	- -
<u>Operating Expenses, General Services</u> <u>Administration (Allotment to Agri-</u> <u>culture) (Office of the Solicitor):</u>			
Legal services in connection with the disposition of surplus agri- cultural and forestry lands	3,698:	- -	- -
<u>Expenses of Defense Production, Exec-</u> <u>utive Office of the President</u> <u>(Allotment to Agriculture) (Office</u> <u>of the Solicitor):</u>			
Legal services in connection with defense production activities ...	- -	a/ 25,000:	- -
TOTAL, OBLIGATIONS UNDER ALLOTMENTS AND WORKING FUND	59,563:	60,000:	20,000

a/ Allotment as of December 31, 1950.

OFFICE OF FOREIGN AGRICULTURAL RELATIONS

Purpose Statement

The Office of Foreign Agricultural Relations collects, interprets, and disseminates economic data and other information on foreign production and consumption of farm products. Through systematic, regular and special reports from agricultural attaches abroad (State Department employees) and from specialists on temporary assignment in other countries, and also by exchange of information with foreign governments and international agricultural organizations, the Office obtains current facts that are used to advise American farmers and business firms handling farm products of important developments abroad that affect their interests. Such information is also made available to the Congress, other agencies of government, and U. S. representatives at international conferences to aid in properly protecting the agricultural interests of the U. S. on questions of policy.

Other major activities of the Office financed by transfer of funds from other Federal agencies include:

1. The direction of training programs for foreign agricultural leaders brought to this country by the Economic Cooperation Administration to observe American practices and institutions in the field of agriculture. Through the facilities of this Office, other agencies of the Department, and of State Land-Grant Colleges and State Extension Services, trainees are afforded opportunity to gather information for application in their respective countries.
2. Technical collaboration with foreign governments, under which program scientific and technical services are extended to cooperating countries to aid in management of agricultural stations, improve public service in agriculture, and conduct research projects. This program, formerly financed by the Department of State under the U. S. Information and Educational Exchange Act of 1948, is now being carried on pursuant to the Act for International Development (Title IV of P. L. 535, the Foreign Economic Assistance Act of 1950). The headquarters staff is located in Washington, D. C., with technical collaborators assigned to eight cooperative stations and four agricultural missions in Latin American and seven agricultural technical groups in the Eastern Hemisphere.

On November 30, 1950, employment totaled 346, of which number 56 were outside continental United States.

	Estimated, <u>1951</u>	Budget estimate, <u>1952</u>
Appropriated funds	\$600,000	\$600,000

Salaries and Expenses

Appropriation Act, 1951 and base for 1952	\$600,000
Budget Estimate, 1952	<u>600,000</u>
Change	<u>- -</u>

PROJECT STATEMENT

Project	1950	1951 (estimated)	1952 (estimated)
1. Foreign agricultural production and consumption and its effect on United States agriculture	\$279,861	\$263,800	\$263,800
2. Foreign financial and trade policies and practices affecting United States agricultural trade....	145,441	154,300	154,300
3. Representation in international agricultural activities	115,157	131,700	131,700
4. Contacts with United States officials abroad	44,772	50,200	50,200
Unobligated balance	2,669	- -	- -
Total appropriation or estimate	587,900	600,000	600,000

NOTE: The Budget estimate is the same as the amount appropriated for 1951, but includes a decrease of \$600 due to providing a direct appropriation to the General Services Administration for certain procurement costs previously paid from this appropriation, offset by an equal amount to maintain a rounded estimate.

CHANGE IN LANGUAGE

The estimates include proposed change in the language of this item as follows (new language underscored):

For necessary expenses for the Office of Foreign Agricultural Relations and for enabling the Secretary to coordinate and integrate activities of the Department in connection with foreign agricultural work, including the purchase of one passenger motor vehicle for replacement only, \$600,000.

The change in language is proposed to provide authority for replacement of the automobile which is used for transportation of officials of the Office to and from other Government agencies and embassies and legations of other governments on official business, and in transporting to Beltsville foreign visitors who are collaborating in the work of the Office.

STATUS OF PROGRAM

Current Activities

Two recent major changes in world agriculture have caused the office to intensify its efforts to investigate and report upon foreign agricultural developments of interest and significance to United States agriculture. First, the world passed from a deficit to a surplus economy in production and supplies of certain agricultural products. This change, which had begun soon after World War II, was completed for most crops during the past year. This necessitated sharp adjustments in production planning and trade policies. After a decade of unprecedented production, U. S. farmers again had the problem of finding foreign markets for many of their crops. Second, military developments in the Far East sharply increased demands for certain farm products. These rapidly changing and critical conditions have required constant reexamination of the world agricultural situation by this Office.

Periodic and special series of reports are made to American farmers, farm and commodity organizations, the Congress, and other governmental and intergovernmental organizations on the facts relating to (1) foreign production and international trade in agricultural products, and trade agreements applicable thereto; (2) the world food situation; (3) specialized information concerning the agriculture, trade, and finance of other countries, and (4) the results of technical advice and assistance requested by foreign governments.

Examples of Recent Work

1. Reports were prepared in response to congressional requests for information on subsidies and quotas, tariff changes, and international agreements of concern to agriculture. Comprehensive regular reports on agricultural conditions in Europe were being issued to assist the Congress, Economic Cooperation Administration and other Government agencies in determining policies in guiding United States activities in that area. Advice and assistance to agencies concerned with the President's Point IV Program have been rendered on foreign agricultural subjects.
2. Data were prepared on foreign agricultural production, agricultural products in foreign trade, prices of agricultural commodities for the world as a whole and other salient facts relating to food distribution and availabilities. The principal commodities covered were cotton, wool, livestock and livestock products, tobacco, wheat, rye, fats and oils, rice, potatoes, fruits, vegetables and such tropical products as coffee and cacao.
3. During the fiscal year 1950, officials of the Office visited about two-thirds of the foreign posts at which agricultural officers of the United States Foreign Service are located. These visits served to help officers improve their work, strengthen relations be-

tween the Office and agricultural attaches, and generally increase appreciation abroad of the importance of exchanging agricultural information.

4. Staff members participated in various international conferences and discussions. These deliberations frequently require that extensive data be prepared for group consideration and for the guidance of this country's representatives. A few examples indicate the type and extent of this activity:

(a) Liaison services between the Food and Agriculture Organization of the United Nations and the Department of Agriculture have increased, partly because of operating problems brought about by the impending move of FAO headquarters to Rome. The FAO conferences for which this Office supplies the major share of the delegations are increasing in frequency and importance.

(b) The first year's operation of the International Wheat Agreement required considerable time of Office representatives. Their advice on broad policy decisions and on administrative details of its operation contributed greatly toward making the Agreement workable.

(c) Preparations for negotiations under the General Agreement on Tariffs and Trade (GATT) held at Torquay, England involved the services of members of the Office on a Trade Agreement Committee representing interests of several government agencies. Service on this and the country subcommittees required extensive knowledge of the agriculture of these countries, as well as familiarity with the needs of American agriculture. A great deal of background data was required both for preliminary committee work and for representation at Torquay. This Office had staff members in attendance for the entire period of the Torquay Conference.

(d) A staff member served for two months in the Philippines on the Bell Mission, appointed by the President to study and make recommendations on economic problems of the Philippines.

(e) The Office participated in American Foreign Service Conferences in Europe, the Far East, and the Middle East in the interest of American agriculture.

(f) Office representatives served as advisers at the Ninth Plenary Meeting of the International Cotton Advisory Committee. United States agriculture is vitally interested in the solution of cotton problems, as it produces nearly one-half of the world's supply.

(g) The Office was represented at the third meeting of the International Wool Study Group. The United States, as a heavy wool importer, must keep abreast of the world conditions in this commodity.

5. Publications issued throughout the year included:

- (a) Foreign Agriculture (monthly)
- (b) Foreign Crops and Markets (weekly)
- (c) Foreign Agriculture Circulars (current releases)
- (d) Foreign Agricultural Trade (monthly summary)

6. Annual publications also are issued which furnish data on U. S. foreign trade in agricultural products; both on a calendar year and a fiscal year basis, with commodity and country breakdowns.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS AND WORKING FUNDS

Item:	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
<u>Research and Marketing Act of 1946 (Title II), Department of Agriculture (Office of Foreign Agricultural Relations):</u>			
For marketing research service:	\$202,608	\$180,000	\$140,000
<u>Removal of Surplus Agricultural Commodities, Department of Agriculture (Office of Foreign Agricultural Relations):</u>			
For obtaining information on foreign market developments and other data related to the international aspects of the work under Section 32 of the Act of August 24, 1935 ..	50,896	51,500	51,500
<u>Working Fund, Agriculture, General (Office of Foreign Agricultural Relations) - Advanced from:</u>			
<u>Department of State:</u>			
For training of German leaders in the fields of food and agriculture	201,700	10,604	- -
<u>National Military Establishment, Department of the Army:</u>			
For training of foreign nationals in the general field of agriculture	33,963	12,019	- -
<u>National Security Resources Board:</u>			
For conducting an apparel wool survey	1,700	- -	- -
<u>Total, Working Fund, Agriculture, General ...</u>	<u>237,363</u>	<u>22,623</u>	<u>- -</u>

Item	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
<u>Expenses of Defense Production,</u>			
<u>Executive Office of the Presi-</u>			
<u>dent (Allotment to Agriculture):</u>			
<u>(Office of Foreign Agricultural</u>			
<u>Relations):</u>			
To perform certain services			
in connection with the			
establishment of priorities			
and allocations as authorized			
under Part I, Section 101 of			
Executive Order No. 10161,			
dated September 9, 1950	- -	a/ 15,000	- -
<u>Economic Cooperation Administra-</u>			
<u>tion, Executive Office of the</u>			
<u>President (Allotment to Agri-</u>			
<u>culture) (Office of Foreign</u>			
<u>Agricultural Relations):</u>			
For preparing statistical in-			
formation on agricultural			
conditions and food balances			
in countries participating			
in the European Recovery			
Program	89,966	40,089	- -
<u>Expenses, Economic Cooperation</u>			
<u>Administration (Allotment to</u>			
<u>Agriculture) (Office of Foreign</u>			
<u>Agricultural Relations):</u>			
To carry out training programs			
in accordance with the pro-			
visions of the Memorandum of			
Agreement between the Econom-			
ic Cooperation Administration:			
and the Department of Agri-			
culture, approved August 8,			
1950	2,525	147,185	
<u>Expenses, International Develop-</u>			
<u>ment, Executive Office of the</u>			
<u>President (Allotment to Agri-</u>			
<u>culture) (Office of Foreign</u>			
<u>Agricultural Relations):</u>			

a/ Allotment as of December 31, 1950.

Item	Obligations 1950	Estimated obligations, 1951	Estimated obligations, 1952
For promoting in Latin America and the Eastern Hemisphere the production of complementary crops, and for training of foreign nationals: in agricultural research	\$962,900	a/ 615,525	--
TOTAL, OBLIGATIONS UNDER ALLOT- MENTS AND WORKING FUNDS	1,546,258	1,071,922	191,500

a/ Allotment as of December 31, 1950.

Summary Statement of Allocations
from "Expenses, International Development, Executive Office of
the President" and "Expenses, Economic Cooperation Administra-
tion, Executive Office of the President"

Item	: Obligations, : 1950	: Estimated : obligations, : 1951	: Estimated : obligations, : 1952
<u>Expenses, International Develop-</u>	:	:	:
<u>ment, Executive Office of the</u>	:	:	:
<u>President (Allotment to</u>	:	:	:
<u>Agriculture):</u>	:	:	:
Funds allocated as of	:	:	:
December 31, 1950 and shown in	:	:	:
the respective statements for	:	:	:
the bureaus involved:	:	:	:
Bureau of Agricultural	:	:	:
Economics	- -:	\$20,400:	- -
Office of Administrator,	:	:	:
Agricultural Research	:	:	:
Administration	- -:	6,500:	- -
Bureau of Plant Industry,	:	:	:
Soils, and Agricultural	:	:	:
Engineering	- -:	211,500:	- -
Soil Conservation Service ...	- -:	5,700:	- -
Extension Service	- -:	5,100:	- -
Office of Foreign Agricultural:	:	:	:
Relations	- -:	615,525	- -
Balance shown in the Budget	:	:	:
schedules of the State	:	:	:
Department pending allocation:	:	:	:
to Agriculture	- -:	5,565,849:	- -
Total	- -:	6,430,574:	- -
<u>Expenses, Economic Cooperation</u>	:	:	:
<u>Administration, Executive Office</u>	:	:	:
<u>of the President (Allotment to</u>	:	:	:
<u>Agriculture):</u>	:	:	:
Funds allocated as of	:	:	:
December 31, 1950 and shown in	:	:	:
the respective statements for	:	:	:
the bureaus involved:	:	:	:
Bureau of Agricultural	:	:	:
Economics	- -:	5,100:	- -
Office of Administrator,	:	:	:
Agricultural Research	:	:	:
Administration	- -:	35,400:	- -
Forest Service	- -:	4,920:	- -
Soil Conservation Service ...	- -:	8,130:	- -
Extension Service	- -:	12,420:	- -
Office of Foreign Agricultural:	:	:	:
Relations	- -:	147,185:	- -
Balance shown in the Budget	:	:	:
schedules of the Economic	:	:	:
Cooperation Administration	:	:	:
pending allocation to	:	:	:
Agriculture	:	1,786,845:	:
Total	- -:	2,000,000:	- -

PASSENGER MOTOR VEHICLES

Replacement. The 1952 estimates contemplate the replacement of one passenger motor vehicle at a net cost of \$1,000.

The car to be replaced, which is the only official car in the service of the Office of Foreign Agricultural Relations, is a 1946 vehicle used for transportation of officials to and from other Government offices and embassies and legations of other governments on official business, and in transporting to Beltsville foreign visitors who are collaborating in the work of the Office. It is estimated that its accumulated mileage by the beginning of 1952 will be 38,500 miles. As maintenance costs are proving excessive (totaling over \$400 during the past two fiscal years) it is believed that replacement would result in greater economy and efficiency of operation.

OFFICE OF INFORMATION

Purpose Statement

The Office of Information was established under its present name in 1925 as a consolidation of functions formally organized as early as 1889, to coordinate in the Department the dissemination of information useful to agriculture as authorized by the Act establishing the Department of Agriculture in 1862.

The Office has general direction and supervision of all publications and other information policies and activities of the Department, including the editorial work, illustrating, printing and distribution of publications, clearance and release of press, radio and magazine materials, and the preparation and distribution of exhibits and motion pictures. The Office publishes the Yearbook of Agriculture, the annual report of the Secretary of Agriculture, the Department Directory, the Department List of Publications; handles all the details of distributing farmers bulletins allotted to Members of Congress; and services letter and telephone requests for general information received in the Department. It also produces motion pictures for department agencies on funds transferred for this purpose and for other government agencies under usual reimbursement arrangements.

Regular employment as of November 30, 1950 totalled 187. The Office has no field employees, except part-time or day workers for seasonal use in displaying exhibits at State fairs and similar agricultural activities.

	Estimated, <u>1951</u>	Budget estimate, <u>1952</u>
Appropriated funds	\$1,270,500	\$1,271,000

Salaries and Expenses

Appropriation Act, 1951	\$1,265,800
Reduction pursuant to Section 1214	-14,300
Activities transferred in 1952 estimates from other bureaus within the Department of Agriculture, for distribution of motion pictures	<u>1/19,000</u>
Transfer in 1951 from Commodity Credit Corporation	<u>-16,200</u>
Base for 1952	1,286,700
Budget estimate, 1952:	
Direct appropriation	\$1,271,000
Transfer from Commodity Credit Corporation	<u>16,200</u>
Increase (Decrease of \$400 due to providing a direct appropria- tion to the General Services Administration for certain pro- curement costs previously paid from this appropriation and an adjustment of \$4900 to maintain a rounded estimate.)	<u>1,287,200</u>
	<u><u>4500</u></u>

PROJECT STATEMENT

Project	1950	1951 (estimated)	Adjustments	1952 (estimated)
1. General adminis- tration of Office of Information and of informational work	\$33,175	\$30,275	---	\$30,275
2. Business service, including communi- cations and records:	59,492	58,300	---	58,300
3. Publications prep- aration, distribu- tion and control..	559,634	565,717	4800	566,517
4. Preparation and distribution of special reports and current information	372,216	366,152	---	366,152
5. Preparation and distribution of agricultural infor- mation by exhibits :	106,411	104,825	-100	104,725

1/ The Budget estimates propose that this amount, to provide for the distribution of motion pictures pertaining to the programs of the Department, be transferred in the estimates from the respective bureaus presently financing the cost on a reimbursable basis. It is believed that provision of funds under this appropriation, in lieu of the present cumbersome and time-consuming transfer procedure, will simplify the accounting and auditing work required and make possible planning and initiating of a more effective distribution of Department films, and their use by field agents. The amounts proposed for transfer from the appropriations of the Department are reflected in the Budget schedules and in the Explanatory Notes for the items involved.

(Continued on attached sheet)

	1950	1951	1952
	(estimated)	(estimated)	(estimated)
6. Preparation and distribution of agricultural information by radio	38,257	34,732	34,732
7. Preparation and distribution of agricultural information to the press	46,719	50,899	50,899
8. Preparation and distribution of agricultural information by motion pictures	136,924	75,800	76,600
Subtotal	1,352,828	1,286,700	1,287,200
Unobligated balance	9,608	-	-
Total available	1,362,436	1,286,700	1,287,200
Transfer from			
"Administrative Expenses: Commodity Credit Corporation"	-16,000	-16,200	-16,200
Transfer in 1951 estimates from "Research and Marketing Act of 1946, Department of Agriculture"	-7,511	-	-
Transfer in 1952 estimates from other Department agencies for Motion Picture Distribution	-17,035	-19,000	-
Transfers from other appropriations for production of motion pictures	-60,562	-	-
Reduction pursuant to Sec. 1214	-	+14,300	-
Total appropriation or estimate	1,261,328	1,265,800	1,271,000

CHANGES IN LANGUAGE

The estimates include proposed changes in the language of this item as follows (new language underscored; deleted matter enclosed in brackets):

- * * * Provided, That [when and to the extent that in the judgment of the Secretary agricultural exhibits and motion and sound pictures relating to the programs of the various agencies of the Department authorized by Congress can be more advantageously prepared, displayed, or distributed by the Office of Information, as the central agency of the Department therefor,] additional funds for preparation and display of agricultural motion pictures and exhibits relating to the programs of the various agencies of the Department authorized by Congress, not exceeding [\$300,000 for these purposes] \$150,000, may be transferred to and made a part of this appropriation, from the funds applicable, and shall be available for the objects specified herein: Provided further, That in the preparation of motion pictures or exhibits by the Department, not exceeding a total of \$10,000 may be used for employment pursuant to the second sentence of section 706 (a) of the Organic Act of 1944 (5 U.S.C. 574), as amended by section 15 of the Act of August 2, 1946 (5 U.S.C. 55a): Provided further, That no part of this appropriation shall be used for the establishment or maintenance of regional or State field offices, or for the compensation of employees in such offices
- 1
 - 2
 - 3 [except that not to exceed \$10,000 may be used to maintain the San Francisco radio office].

The first change in language is proposed to amend the provision for advance reimbursements to the Office of Information for the preparation and display of agricultural motion pictures and exhibits relating to the programs of the various agencies of the Department (1) to delete the words "when and to the extent that in the judgment of the Secretary," about which a point of order was raised during consideration of the 1951 Appropriation Bill in the House and (2) to continue the authority to secure advance reimbursement only for the preparation of motion pictures and the preparation and display of exhibits. Continuation of the present authority for transfer of funds to the Office of Information for distribution of motion pictures is no longer necessary in accordance with the proposed transfer in the 1952 budget estimates to this Office of funds for this purpose from the respective bureaus of the Department presently financing the cost on a reimbursable basis.

The second change in language is proposed to reduce the limitation on the amount that may be advanced from the agencies of the Department to the Office of Information for preparation and display of agricultural motion pictures and exhibits from \$300,000 to \$150,000. The proposed limitation is believed sufficient based on actual and estimated requirements under this provision.

The third change in language is proposed to delete authority for maintenance of the San Francisco radio office. Retention of this language is no longer necessary since the office has been discontinued.

STATUS OF PROGRAM

Current Activities: The primary functions of the Office of Information are (1) overall coordination of all information work in the Department and (2) final editing and clearance of all publications and releases of information to the public. The Office provides a service to the Department and its constituent agencies designed to assist farmers, organizations and institutions interested in agriculture, and the public at large, by providing factual information on results of agricultural research work, trends in agricultural production, prices, and consumption, the scope of agricultural production, prices, and consumption, the scope of agricultural programs and policies, and similar information which will assist farmers and the public to obtain useful knowledge pertaining to the nation's agriculture. This work involves:

1. Editing and final preparation of manuscripts for publication, and procurement of necessary printing;
2. Distribution of publications through established channels and the filling of requests for publications and general information;
3. Preparation and shipping of exhibits for showing at State fairs and other expositions;
4. Production of agricultural films and their distribution to State depositories for use by Department of Agriculture field workers and extension agents;
5. Final clearance and distribution of reports and releases to the general press, and to the agricultural scientific and trade press;
6. Preparation of radio information for broadcast and service to radio farm program directors and extension agents;
7. Compilation and editing of the Agriculture Yearbook and the Annual Report of the Secretary of Agriculture; and
8. Preparing and assisting in the preparation of information requested by publishers of national magazines, encyclopedias, annuals, etc., on departmental programs, organization, or operation.

Examples of services rendered:

General Trend: Informational services requested from the Office of Information are, generally speaking, on the increase. There is a mounting interest in the research activities of the Department which have been expanded since the enactment of the Research and Marketing Act of 1946. Other programs of the Department, likewise, have evoked great interest on the part of research workers, colleges, students, and the general public which has greatly increased the number of requests for publications and information by telephone, telegraph, letters, and personal visits. In an effort to meet these increasing demands, operating procedures have been simplified to the fullest extent.

Officials of the Office have given considerable time to discussions with foreign nationals interested in the informational activities of the Department and State and county cooperating agencies. This work is in furtherance of the ECA Technical Assistance Program, and the International Information and Educational Activities program of the Department of State, and involves extended explanation of organization and functions.

Congressional and General Public Inquiries for information in bulletin and other forms, are generally on an upward trend. The volume of such requests, excluding numerous inquiries for press, radio, exhibits, or motion picture information, for recent years is as follows:

<u>Fiscal Year</u>	<u>Congressional Requests</u>	<u>Total Requests</u>
1946	291,287	871,687
1947	257,718	767,398
1948	360,959	812,738
1949	328,101	775,404
1950	485,380	954,434

Congressional inquiries showed increases in 1950 over 1949 as follows: Telephone inquiries 27 percent, letters 9 percent, and requests for publications 53 percent. Requests for information during 1950 were approximately 845,000, including 355,000 Congressional requests.

Publications. In addition to the work of editing material for the Yearbook, a total of 1,119 manuscripts and reprints were edited and prepared for the printer in the fiscal year 1950 compared with 1,366 manuscripts and reprints in 1949. Included in these figures were 315 new publications in 1950 and 336 in 1949.

Stocks of all publications, including bulletins, are expected to decrease about 10 percent by the end of the fiscal year 1951. Bulletin and leaflet stocks on July 1, 1950 totaled 5,646,000, compared with 3,780,312 on July 1, 1949. Stocks of all publications in 1950 were 14,821,985 and 11,984,736 in 1949.

1950-51 Yearbook on Agriculture. All material has been forwarded to the printing office. This Yearbook should be completely processed and published by July or August 1951. It is expected that all manuscripts now being prepared for the 1952 Yearbook will reach the editor by April 1951.

Printing Management. The major problem in this field is increasing difficulty in securing printing and delivery schedules. This is due to the greater demands for printed materials for national defense and rising prices for paper. Another problem is occasioned by the increasing workload. Many of the bureaus of the Department, which originate the orders experienced technical assistance of the Office in order to procure the most effective and economical printed product. The following statement shows

workload data for the past few years in relation to the number of technicians assigned to the work:

<u>Fiscal Year</u>	<u>Number of Orders</u>	<u>Orders per Technician</u>
1948	4053	1013
1949	4635	1326
1950	4488	1496

Savings recorded in 1950 for printing jobs amounted to \$8,710; however, this figure does not include many thousands of dollars in unrecorded savings attributable to improved job specifications, changes in paper stock and format, and elimination of color printing. Also, progress is being made in improving the understanding of agency representatives with regard to printing technicalities and printing laws and regulations. This will improve preparation of printing jobs, which would relieve in some measure the extra-heavy workload of the Office of Information, and conserve agency resources through the use of the more economical reproduction processes.

Agricultural Exhibits at established fairs. Full-sized carload exhibit showings are scheduled at 23 large fairs for 1951. In addition, 15 partial carload exhibit showings will be made during the year at the smaller fairs. An audience of 7,500,000 is estimated. In 1950, 24 large exhibits and 9 smaller exhibits were shown. For 1951 showings, 13 exhibit groups, ranging from 6 to 15 units, are available under the following subject matter groupings:

Conservation of Farm and Forest	Domestic Enemies - Guard Against Them
Livestock, Crops and Farm Machinery	Dairying and Poultry
Livestock and Forage	Conservation - Soil and Water I
Special 4-H Club Group	Farm and Home Special
Better Living on the Farm	History of American Agriculture
Livestock and Roughage	Conservation - Soil and Water II

In addition, there are available 12 single exhibits, i.e., exhibits complete in themselves, and not made for grouping with similar-sized units into full-scale exhibits.

Agency Exhibits: Ten medium-size single exhibits, and 250 cardboard expendable-type exhibits were produced in 1950 in cooperation with department agencies. These exhibits were largely financed by the various agencies of the Department.

Motion Picture Services: The volume of production and processing services --(the total for this service was \$475,000 in 1950)--for the Department and other government agencies is expected to decline in 1951. The work for Department agencies only, which decreased about 24% from 1949 to 1950 in total value, is expected to decrease an additional 20%, but the volume for other agencies will probably increase, due principally to production of agricultural subject pictures for the International Information and Educational Activities program of the State Department. All production in 1950, as in preceding years, was financed from funds transferred

or reimbursed by Department or other agencies. Production on all funds was as follows:

Dep	Complete Films	Partial Releases	TV Shorts	Total Number Reels
Department Agencies	5	10	2	25
Other government departments	8	6	8	38
Cooperating State Agencies..	1	-	-	2
Totals	14	16	10	65

The Motion Picture Service, through the funds appropriated under this item, is continuing advisory services to Department agencies, and various State film libraries by searching out available agriculture films for possible use in the Department's work, processing and screening agriculture films for the agencies, handling correspondence regarding agriculture motion pictures, and advising cooperating agricultural agencies and commercial producers on subject matter which would be useful for production of motion pictures by private concerns interested in agriculture.

Sales of Department films through the established contractor totaled 1,500 prints in 1950, which compares with 2,900 in 1949, and 2,974 in 1948. The decrease in number of new pictures available was primarily responsible for decreases in 1950 sales.

The Press Service is continuing to receive the usual heavy volume of requests for current information and releases which approximate 55,000 per year. A total of 3,146 releases and reports were handled in 1950 through the regular process of review and editing, schedule for release and distribution, preparation of stencils for reproduction of copies for press, and agency and mail distribution. This also involved servicing many daily office calls for copies of releases and reports. The combined distribution of the Daily and Weekly Press Summary totaled 4,524 in 1950 compared with 3,850 in 1949.

Radio Services: There are still many firm requests for cooperation in use of Department information on television, which the Office is not able to furnish. These requests originate in television networks and single stations, in the Land-Grant Colleges and State Extension Services. Cooperation with farm radio services continues at established levels, with some increase in the number of radio farm program directors.

Specific radio activities include:

Networks: Preparation of materials for broadcast on the Farm and Home Hour, American Farmer, and Country Journal programs. Assistance was also rendered in the production of 90 single programs on networks.

Single Stations: Prepared and distributed on request the weekly radio information letter to 646 radio farm directors, State extension editors, and county agents, which provides background information for use on broadcasts and for planning local radio programs on agricultural developments.

Annual Program Directors Meeting: Planned and furnished leadership for 4th annual meeting of radio farm directors to give them opportunity to get from Department technicians current information which could be used in their work for the year ahead.

Radio "Farm Flashes": Distributed 231 radio releases through State Extension editors for local adaptation and use on some 600 single radio stations. This is one of the oldest and more effective services among Department information activities.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS, TRUST FUNDS, AND WORKING FUNDS

Item	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
<u>Research and Marketing Act of 1946 (Title II), Department of Agriculture, Office of Information:</u>			
For coordination of informational activities in connection with administration of the Research and Marketing Act of 1946	\$28,350	\$26,000	\$26,000
<u>Working Fund, Agriculture, Office of Information, Advanced from:</u>			
<u>National Military Establishments:</u>			
<u>Department of the Air Force, for preparation and distribution of motion pictures</u>	37,003	143,892	--
<u>Department of the Army, for preparation and distribution of exhibits ...</u>	746	4	--
<u>Corps of Engineers, for preparation and distribution of publications.</u>	761	--	--
<u>Veterans Administration, for preparation and distribution of motion pictures ...</u>	177,429	85,668	--
<u>Total, General Working Funds</u>	215,939	229,564	--
<u>Miscellaneous Contributed Funds, Department of Agriculture (Office of Information) (Trust Fund):</u>			
Trust funds deposited by cooperatives for:			
Preparation and distribution of exhibits	4,701	6,922	5,800

(Continued on next page)

Item	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
Preparation and distribution of motion pictures	9,819:	15,037:	- -
Total	14,520:	21,959:	5,800
Expenses of Defense Production, Executive Office of the President (Allotment to Agriculture)(Office of Information):	:	:	:
For planning effective use of information materials in a program: of defense preparation	- -	a/ 1,000:	- -
TOTAL, OBLIGATIONS UNDER ALLOTMENTS,	:	:	:
TRUST FUNDS AND WORKING FUNDS	258,809:	278,523:	31,800

a/ Allotment as of December 31, 1950.

LIBRARY

Purpose Statement

Function: The Library, pursuant to the Department's Organic Act of 1862, and under delegation from the Secretary, "procures and preserves all information concerning agriculture which can be obtained by means of books ...". By law and by cooperative arrangement with the Library of Congress, the Department of Agriculture Library also serves as the National Agricultural Library.

Activities: The Library makes available to the research workers of the Department and the State agricultural colleges, as well as to the general public, the agricultural knowledge of the world that is contained in published literature, thus eliminating duplication of effort and wasted time by enabling the scientists and administrators to know prior to the initiation of a project what has been done previously in that field of research or agricultural activity. In pursuance of the Organic Act, the Library collects current and historical published material and organizes it for maximum service to the Department and the public through reference services, loans of publications, bibliographical services, and photo-reproduction of library materials. It issues a monthly Bibliography of Agriculture in which is listed the agricultural literature of the world.

Organization: The Library serves as a staff office of the Secretary and in addition has operating responsibilities in the field of library and bibliographical services. There are six field branches with general collections serving the Department staff in designated geographical areas and seven specialized field branches serving major field research installations of the Department.

On November 30, 1950, the Library had 171 employees of whom 148 were in Washington and 29 in the field.

	Estimated, <u>1951</u>	Budget estimate, <u>1952</u>
Appropriated funds	\$702,593	\$700,000

Salaries and Expenses

Appropriation Act, 1951	\$713,293
Reduction pursuant to Section 1214	<u>-10,700</u>
Base for 1952	702,593
Budget estimate, 1952	<u>700,000</u>
Decrease (consisting of decrease of \$3,000 due to providing a direct appropriation to the General Services Administra- tion for certain procurement and leasing costs previously paid from this appropriation offset in part by increase of \$407 to round-off estimate)	<u>-2,593</u>

PROJECT STATEMENT

Project	: 1950	: 1951 (estimated)	: Adjustments	: 1952 (estimated)
1. General agricultural library: services	\$586,846:	\$555,873:	-\$2,593:	\$553,280
2. Specialized services to research	147,986:	146,720:	- - :	146,720
Unobligated balance	161:	:	:	:
Total available	<u>734,993:</u>	<u>702,593:</u>	<u>-2,593:</u>	<u>700,000</u>
Reduction pursuant to Section 1214	- - :	+10,700:	:	:
Total appropriation or esti- mate	<u>734,993:</u>	<u>713,293:</u>	:	:

STATUS OF PROGRAM

General: The Library provides centralized reference and bibliographical services for agencies of the Department through the main library in Washington and 13 branch locations in the field. It serves also as the National Agricultural Library, by law and agreement with the Library of Congress, rendering extensive services to other agencies of the Government and the public. The book collection approximates 750,000 volumes.

Typical Current Activities: The following are selected as typical of the major lines of work of the Library:

1. Acquisition of foreign and domestic publications in the fields of agriculture through purchase from commercial sources, gifts, exchange agreements with different countries, and cooperative acquisition projects with the Library of Congress and other research libraries.
2. Preparation of agricultural bibliographies with an increasing coverage of the world's agricultural literature.
3. Providing reference and circulation services to patrons of the Library, including in addition to Department personnel, farmers, private research corporations, colleges and universities, etc., through answering reference questions verbally or by telephone and mail, furnishing desired publications on loan, verifying references, and maintaining the collection.
4. Facilitating the execution of the Department's programs by making available published material to the man-on-the-job, wherever he may be stationed, through the field branches serving as outlets for the main Library as well as reservoirs of information near to the field workers. Through these library services provided to field staff, the stocking of a large number of relatively little used books in field offices is unnecessary.

Selected Examples of Recent Progress:

1. Status of Acquisition Program. Progress was made during the past year in acquiring foreign publications through cooperation of State Department officers and assistance by commercial firms. The increase in prices of publications has reduced the number of publications that can be purchased. Although more funds were used for purchases in 1950 than in 1949, there was a large backlog on June 30, 1950 of material that should have been acquired. The review of exchange agreements has eliminated a considerable amount of non-agricultural material previously received but not retained, so that, although the total volume of periodical material handled is below 1949, a larger number of

important periodical issues were added to the collection in 1950 than in 1949. Improved procedures for handling the market reports issued by the Department of Agriculture has also reduced the number of individual pieces handled.

Below is a tabulation of major acquisition statistics for the past five years.

<u>Year</u>	<u>Amount spent for all purchased publications</u>	<u>Number of Publications received from all sources (gift, exchanges and purchase)</u>		
		<u>Volumes added to collection</u>	<u>Number of Periodical issues</u>	
			<u>Received</u>	<u>Retained</u>
1946	43,929	46,253	722,100	281,484
1947	49,635	31,766	867,787	399,627
1948	44,652	33,763	744,757	283,836
1949	39,178	34,176	626,117	263,653
1950	45,742	42,215	552,137 a/	275,215

a/ The reduction in 1949 and 1950 from prior years resulted primarily in the change in acquisition policy of Department of Agriculture publications. Formerly four copies of all Department publications were recorded. Since April of 1948 only two copies are recorded. Also, in 1950 the daily market news reports were not recorded as published but hereafter will be entered after the end of each fiscal year. Thus, after this first year the statistics for that type of publication will be stabilized.

2. The monthly Bibliography of Agriculture contained more items than in any previous year of its existence. This was done even though a more selective policy was used in 1950 in the screening of publications to be indexed.

A study on the use of punched cards for use in preparing bibliographies began in March 1949 and was completed in December 1949. The results showed that the use of punched cards would produce some savings in the time costs of preparation of the subject index. The added operational difficulties in maintaining schedules, the coordination of our work with another agency in use of certain printing equipment, and the fact that the indexes were more difficult to read induced the release of the punch card equipment and return to typing and manual compilation of the index for the 1950 calendar year volume.

The number of agricultural items listed in the Bibliography of Agriculture for the past five years are indicated below:

<u>Year</u>	<u>Number of Reference Items</u>
1946	56,966
1947	67,235

<u>Year</u>	<u>Number of Reference Items</u>
1948	84,229
1949	82,269
1950	89,060

3. There were 64 bibliographies prepared on specialized subjects. Bibliographies prepared in the Washington library dropped from 39 in 1949 to 25 in 1950 because of the reduced manpower available. In addition, the Bibliography on Sedimentation was edited and prepared for reproduction for the Soil Conservation Service in cooperation with other Government agencies. The most important special bibliography produced was Bibliographical Bulletin No. 12, List of Periodicals Currently Received in the U. S. Department of Agriculture Library, as it fills a long felt need by agricultural research workers in the Department of Agriculture and elsewhere.
4. The Photocopying Section completed 51,488 separate orders consisting of 803,029 pages of microfilm and photoprint. Of this amount 11,524 orders, totaling 130,436 pages, were provided free of charge to the Department's agencies. In 1951 fees are being charged for such services as authorized by the Act of September 21, 1944 (5U.S.C.552a). For the remaining orders, \$36,339 was received in reimbursement of the cost of operations.
5. The total number of publications loaned and circulated and the number of reference questions answered for both Washington and Field, were about the same level as in 1949. However, the load in Washington increased 1.7 per cent, while the field decreased 1.3 per cent. The loads appear to be stable, but available personnel were able to render only minimum service on each request.

	<u>1949</u>	<u>1950</u>	<u>Percent of Increase or Decrease</u>
<u>Volume of Circulation-loans-photocopying</u>			
Washington	512,163	521,173	+ 1.7
Field	905,453	893,885	- 1.3
	<u>1,417,616</u>	<u>1,415,058</u>	<u>- 0.2</u>
Reproduction work	47,439	51,488	+ 8.5
	<u>1,465,055</u>	<u>1,466,546</u>	<u>+ 0.1</u>
<u>Reference Questions Answered</u>			
Washington	153,350	154,064	+ 0.5
Field	48,896	49,070	+ 0.4
	<u>202,246</u>	<u>203,134</u>	<u>+ 0.4</u>

6. Progress made in binding operations: A waiver was again issued by the Public Printer permitting the binding work in Washington to be performed under contract to commercial binders. Under this authorization about 6,244 volumes of current material was bound. In addition, 1,935 volumes were bound in the various field libraries under field contract printing authorization. An additional 9,000 volumes of current publications were carried over with the existing backlog of 150,000 volumes.

PRINCIPAL OVERALL VOLUME OF WORK STATISTICS

Actual Fiscal Years 1946-1950
Estimated 1951-1952

	Actual					Estimated				
	1946	1947	1948	1949	1950	1951	1952			
Titles catalogued	11,386	9,860	14,710	13,347	12,252	11,000	18,000			
New cards added to library catalog	101,394	82,954	100,740	91,767	90,823	88,000	100,000			
Loans of books or periodicals and reproductions supplied*	1,475,170	1,110,138	1,426,021	1,465,055	1,466,546	1,400,000	1,400,000			
Serial publications entered	281,759	359,627	283,836	263,653	275,215	275,000	300,000			
Items indexed in Bibliography of Agriculture	56,966	67,255	84,229	82,269	89,060	90,000	92,000			
Reference questions answered	180,758	202,373	186,717	202,246	203,134	200,000	200,000			
Volumes bound	6,504	3,453	11,404	13,400	8,179	10,000	10,000			
Obligations for books, periodicals, newspapers and other publications	43,929	49,635	44,652	39,178	45,712	45,000	70,407			

*Statistics for 1945-1948 adjusted for comparability to definitions adopted in 1949.

STATEMENT OF OBLIGATIONS UNDER ALLOTMENTS,
WORKING FUNDS, AND TRUST FUNDS

Item	Obligations, 1950	Estimated obligations, 1951	Estimated obligations, 1952
<u>Working Fund, Agriculture Library,</u>			
<u>Advanced from:</u>			
<u>Bureau of Entomology and Plant</u>			
<u>Quarantine, Department of Agri-</u>			
<u>culture:</u>			
For special bibliographical			
services on bee culture	\$3,349:	\$3,540:	\$3,630
<u>Atomic Energy Commission:</u>			
For modification of rapid selector;			
machine	6,295:	8,705:	- -
<u>Economic Cooperation Administration:</u>			
For library and bibliographical			
services	33,986:	37,582:	36,400
Total, Working Funds	43,630:	49,827:	40,030
<u>Return of Excess Deposits for Repro-</u>			
<u>duction of Photographs, Mosaics and</u>			
<u>Maps (Library):</u>			
Trust fund for moneys received for			
photographic reproductions in			
excess of cost of making such			
reproductions	514:	250:	250
<u>Expenses, International Development,</u>			
<u>Executive Office of the President</u>			
<u>(Allotment to Agriculture)(Library):</u>			
For furnishing microfilm services			
to Latin-American scientists,			
cooperators, and agricultural			
attaches	3,200:	- -	- -
TOTAL, OBLIGATIONS UNDER ALLOTMENTS,			
WORKING FUNDS AND TRUST FUNDS	47,344:	50,077:	40,280

REPLACEMENT OF PERSONAL PROPERTY SOLD,
DEPARTMENT OF AGRICULTURE

Under the Federal Property and Administrative Services Act of 1949 (41 U.S.C. 231(c)), proceeds from the sale of vehicles, equipment, accessories, and other personal property, the replacement of which is authorized by law, may be applied in whole or in part payment for the acquisition of similar items. Receipts from this source are set up in a special appropriation account and are available for the replacement of similar items to the end of the fiscal year following the year in which the sale is made. Any unobligated balance at the close of the fiscal year is subsequently deposited into the Treasury as miscellaneous receipts.

The total estimated funds available to the Department under this account are as follows:

1950	\$928,757
1951 (estimated)	855,000
1952 (estimated)	870,000

WORKING FUND, AGRICULTURE, GENERAL

The budget schedule reflects working funds advanced from various Departments or agencies of the Federal Government to the Department of Agriculture under Section 601 of the Economy Act, as amended, in payment for services rendered or supplies furnished.

Funds thus advanced are made available to Bureaus within the Department of Agriculture by allotment and are obligated in amounts shown in this schedule under the heading "Obligations by objects". Descriptions of the work performed for other departments and agencies in accordance with these working fund advances are included in the "Statement of Obligations Under Allotments, Working Funds, etc." provided in each agency's section of the Explanatory Notes.

MISCELLANEOUS CONTRIBUTED FUNDS, DEPARTMENT OF AGRICULTURE

The total appropriations or estimates of the Department under this trust account are as follows:

1950	\$510,515
1951 (estimated)	589,450
1952 (estimated)	533,000

This item covers funds received or estimated to be received by the Department of Agriculture from private individuals or organizations and from State or local government organizations for carrying out certain cooperative agreements between such individuals or organizations and the Department in connection with its activities, as authorized by law, primarily the Act of May 15, 1862 (5 U.S.C. 511) establishing the Department of Agriculture (as further implemented by the Act of July 24,

1919 (5 U.S.C. 67,563)). These funds are deposited in the Treasury of the United States and made available to the Department for expenditure under applicable cooperative agreements. The amounts for 1951 and 1952 are approximate and preliminary only, since it is difficult to estimate accurately what the total receipts from these sources will be in any given year.

A distribution of this fund by bureaus is reflected in the Budget schedules of individual bureaus and offices.

Following are a few examples of the types of agreements entered into by the Department and financed by contributed funds:

Cooperatives in California, Idaho, and other Western States	For cooperative white pine blister rust control
California Planting Cotton Seed Distributors of Bakersfield, California	For cooperative cotton seed investigations
National Cotton Council of America	For cooperative commercial ginning and mill-scale spinning tests on cotton

MISCELLANEOUS TRUST FUNDS

1. "Undistributed cotton price adjustment payments".
2. "Liquidation of deposits, lease and purchase contracts, Farmers' Home Administration".

The above two trust funds are included under the "Statement of obligations under allotments, working funds, etc.," for the Production and Marketing Administration and Farmers' Home Administration respectively.

3. Return of excess deposits for reproductions of Photographs, Mosaics, and Maps.

This trust account has been established to refund to farmers and others any excess amounts deposited into the Treasury for the purchase of aerial or other photographs, mosaics, and maps which have been obtained in connection with the authorized work of the Department. The Department is authorized to sell these reproductions (at not less than their estimated cost) by the Act of February 16, 1938 (7 U.S.C. 1387). Funds received for the purchase of such reproductions are deposited into the Treasury. When the actual cost has been determined, the amounts deposited in excess of such costs are refunded to the purchasers from this account. The total appropriations or estimates for such refunds are as follows:

1950	\$1,067
1951 (estimated)	46,360
1952 (estimated)	200

GENERAL PROVISIONS

Section [401] 301: This section relates to the purchase of passenger motor vehicles for the Department. The total acquisition of such vehicles by the Department of Agriculture is limited, in addition to those specifically provided for use in the District of Columbia, where applicable, in the language of the individual appropriation items, to not to exceed the purchase for replacement purposes only of 532 passenger motor vehicles for use outside the District of Columbia.

The proposed changes in language: (1) include the phrase "in addition to those specifically provided for" to clarify the fact that purchases for use inside the District of Columbia are governed by specific language in the applicable appropriations, and not included within the number stated in section 301 for the replacement of vehicles outside the District of Columbia; and (2) propose an increase in the replacement of vehicles for use outside of the District of Columbia from 497 to 532. The vehicles proposed for replacement will all be at least six years old or will have mileage in excess of 60,000 miles at time of disposal. A more detailed justification for the need for replacement appears in the explanatory notes under the applicable agencies.

Section [402] 302: This section provides for certain exceptions in the Department of Agriculture to the prohibition contained in the Independent Offices Appropriation Act against the employment of aliens.

[Sec. 403. Appropriations and authorizations made in this chapter shall be available for health service programs as authorized by law (5 U.S.C. 150).]

[Sec. 404. Funds available to the Department during the current fiscal year shall be available for the payment of tort claims pursuant to law (28 U.S.C. 2672).]

[Sec. 405. Funds available to the Department of Agriculture during the current fiscal year may be expended for personal services in the District of Columbia.]

[Sec. 406. Funds available to the Department of Agriculture may be used for printing and binding, including the purchase of reprints of scientific and technical articles.]

The estimates propose deletion of these sections carried in the 1951 Act authorizing the use of funds for health service programs, for the payment of tort claims, for personal services in the District of Columbia, and for printing and binding. Retention of this language is no longer necessary since Public Law 830, approved September 23, 1950, repealed the former statutory requirement that specific authority permitting expenditures for these purposes must be contained in either enabling legislation or the appropriation act.

Section [407] 303: This section authorizes the expenditure of not to exceed \$1 for each option to purchase any tract or tracts of land under appropriations carried in the Act which are available for the purchase of lands.

Section [408] 304: This section prohibits the Department from issuing any prediction or forecast with respect to future prices or price trends on cotton, except as to damage threatened or caused by insects and pests.

Section [409] 305: This section prohibits, with certain exceptions, the purchase of twine manufactured from commodities or materials produced outside the United States.

Section [410] 306: This section provides that not less than \$575,000 shall be available for contracting in accordance with section 10(a) of the Research and Marketing Act of 1946 (7 U.S.C. 427i) from the appropriations made for the Bureau of Agricultural Economics; Bureau of Animal Industry; Bureau of Dairy Industry; Bureau of Plant Industry, Soils, and Agricultural Engineering; Bureau of Entomology and Plant Quarantine; Bureau of Agricultural and Industrial Chemistry; Bureau of Human Nutrition and Home Economics; and the Forest Service.

[Sec. 411. Of the funds appropriated in this chapter for travel expenses, \$791,888 shall be carried to the surplus fund and covered into the Treasury within thirty days after enactment of this Act; but such amount shall be credited toward any other reduction in amounts available for such travel expenses resulting from decreases in appropriations made by this Act below the Budget estimates.]

This section provided for the return of surplus of \$791,888 of the amounts available in the Act for travel. In effect, this section reduced the appropriations by that amount but left to the discretion of the Secretary the decision as to the amount by which each appropriation would be reduced. These amounts have been determined and returned to surplus from the appropriations involved.

The amounts returned to surplus in 1951 under this section are included in the reductions pursuant to Section 1214 which have been reflected in the explanatory notes as an adjustment to the 1951 base of each appropriation item affected. Therefore, the Department has, in reality, projected the intent of Section 1214 into the budget year by distributing the reductions in travel in advance of the appropriation of the funds through adjustment to the 1951 base. Accordingly, it is recommended that Section 411 be deleted from the Act since the reductions contemplated therein have already been provided for in the Budget estimates.



